

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, 2020**.

JOHN BARRADELL,
Town Clerk & Chief Executive.

*Guildhall,
Wednesday 26th February 2020*

Vincent Thomas Keaveny

The Rt Hon. the Baroness Patricia Scotland of
Asthall, QC

}

Aldermen on the Rota

1 **Apologies**2 **Declarations by Members under the Code of Conduct in respect of any items on the agenda**3 **Minutes**

To agree the minutes of the meeting of the Court of Common Council held on 16 January 2020.

For Decision
(Pages 1 - 16)

4 **Resolutions on Retirements, Congratulatory Resolutions, Memorials**5 **Mayoral Visits**

The Right Honourable The Lord Mayor to report on his recent overseas visits.

6 **Policy Statement**

To receive a statement from the Chairman of the Policy and Resources Committee.

7 **Docquets for the Hospital Seal**8 **The Freedom of the City**

To consider a circulated list of applications for the Freedom of the City.

For Decision
(Pages 17 - 22)

9 **Legislation**

To receive a report setting out measures introduced into Parliament which may have an effect on the services provided by the City Corporation.

For Information
(Pages 23 - 24)

10 **Ballot Results**

The Town Clerk to report the outcome of the ballot taken at the last Court:

Where appropriate:-

** denotes a Member standing for re-appointment;*

★ denotes appointed.

Two Members to the **Trust for London**.

Rehana Banu Ameer

*Alderman Alison Gowman

*Deputy Edward Lord, O.B.E., J.P.

Votes

69 ★

61 ★

42

For Information

11 **Appointments**

To consider the following appointments:

** denotes a Member standing for re-appointment*

- (A) One Member on the **Board of Governors of the City of London School for Girls**, for the balance of a term expiring in July 2020.

Nominations received:-

Shravan Jashvantraï Joshi

- (B) Three Members on **Christ's Hospital**, for four-year terms expiring in March 2024.

Nominations received:-

Randall Keith Anderson

- (C) Two Members on the **City of London Reserve Forces and Cadets Association**, for three-year terms expiring in March 2023.

Nominations received:-

*Simon D'Olier Duckworth, O.B.E., D.L.

*Deputy Jamie Ingham Clark

- (D) Three Members on the **Guild Church Council of St Lawrence Jewry** for one-year terms expiring in March 2021.

Nominations received:-

*Deputy Roger Arthur Holden Chadwick, O.B.E.

*Simon D'Olier Duckworth, O.B.E., D.L.

*Alderman Gregory Percy Jones, Q.C.

- (E) Two Members on the **Mitchell City of London Charity and Educational Foundation**, for five-year terms expiring in March 2025.

Nominations received:-

*Ian Christopher Norman Seaton

For Decision

12 The Honourable The Irish Society

- (A) To appoint six Common Councilmen to The Honourable The Irish Society, for three-year terms expiring in March 2023.

** denotes a Member standing for re-appointment*

Nominations received:-

*Deputy John David Absalom

*Peter Gerard Dunphy

*Deputy Wendy Hyde

*Vivienne Littlechild, M.B.E., J.P.

*Deputy Hugh Fenton Morris

*Jeremy Lewis Simons

- (B) To endorse the appointment of Alderman Gregory Jones Q.C. as one of the two Aldermen on The Honourable the Irish Society, for a three-year term expiring in March 2023, in the room of Alderman Vincent Keaveny.

- (C) To note that Alderman Nicholas Lyons will continue to serve as one of the appointed Aldermen on The Honourable the Irish Society, having previously been appointed for a term expiring in March 2022.
- (D) To note that Alderman Sir Andrew Parmley will continue to serve as Governor of The Honourable the Irish Society, having previously been appointed for a three-year term expiring March 2021.

For Decision

13 Questions

14 Motions

15 Awards and Prizes

16 Finance Committee

To consider reports of the Finance Committee, as follows:-

- (A) **City Fund 2020/21 Budget Report and Medium-Term Financial Strategy** – to approve the budget for 2020/21.

For Decision
(Pages 25 - 122)

- (B) **Revenue and Capital Budgets 2019/20 and 2020/21** – to receive the latest revenue budgets for 2019/20, approve the revenue budgets for 2020/21, and approve the capital budgets.

For Decision
(Pages 123 - 138)

17 Policy and Resources Committee

To consider reports of the Policy & Resources Committee, as follows:-

- (A) **Public Space Protection Order: London Marathon Related Disorder** – to consider proposals to make a Public Space Protection Order.

(Pages 139 - 152)
For Decision

- (B) **Report of Action Taken: London Councils Grant Scheme** - to receive a report advising of action taken under urgency procedures in relation to the annual levies for subscriptions in relation to the London Councils Grants Scheme.

For Information
(Pages 153 - 156)

18 Hospitality Working Party of the Policy and Resources Committee

To consider recommendations concerning the provision of hospitality.

For Decision
(Pages 157 - 160)

- 19 **Planning and Transportation Committee**
To consider the annual On-Street Parking Accounts for 2019/20 and related funding of Highway Improvements and Schemes.
For Decision
(Pages 161 - 166)
- 20 **Port Health and Environmental Services Committee**
To consider the annual review of charges for the Heathrow Animal Reception Centre.
For Decision
(Pages 167 - 172)
- 21 **Establishment Committee**
To consider the draft Pay Policy Statement for 2020/21.
For Decision
(Pages 173 - 190)
- 22 **Barbican Centre Board**
To consider an amendment to the Board's constitution and terms of reference.
For Decision
(Pages 191 - 194)
- 23 **Freedom Applications Committee**
To consider a recommendation to revoke an Honorary Freedom.
For Decision
(Pages 195 - 200)
- 24 **Standards Appeals Committee**
To consider recommendations of an Appeals Sub-Committee.
For Decision
(Pages 201 - 202)

MOTION

- 25 **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, or which fall under paragraph 100A(2) of the Local Government Act 1972 relating to confidential information that would be disclosed in breach of an obligation of confidence by a department of Her Majesty's Government?"
For Decision
- 26 **Non-Public Minutes**
To agree the non-public minutes of the meeting of the Court held on 16 January 2020.
For Decision
(Pages 203 - 206)
- 27 **Finance Committee**
To consider proposals relating to the reserves policy for Bridge House Estates.
For Decision
(Pages 207 - 210)

- 28 **Finance Committee and Policy and Resources Committee**
To consider proposals relating to the allocation of funds from Bridge House Estates.
For Decision
(Pages 211 - 216)
- 29 **Policy and Resources Committee**
To consider proposals concerning the Centre for Music and London Wall Site Masterplanning.
For Decision
(Pages 217 - 228)
- 30 **Property Investment Board**
To consider reports of the Property Investment Board, as follows:-
- (A) **Lease restructure and Acquisition** – to consider proposals concerning the restructure of an existing lease in return for a capital premium and the acquisition of a property.
For Decision
(Pages 229 - 234)
- (B) **Report of Action Taken: Grant of new 250-year lease** - to receive a report advising of action taken under urgency procedures in relation to the grant of a long-term lease.
For Information
(Pages 235 - 236)
- 31 **Hospitality Working Party**
The Chief Commoner to be heard concerning a matter of hospitality.
For Decision



RUSSELL, MAYOR

COURT OF COMMON COUNCIL

16th January 2020
MEMBERS PRESENT

ALDERMEN

Nicholas Anstee
Sir Charles Edward Beck Bowman
Emma Edhem
John Garbutt
Sir Roger Gifford
Alison Gowman

Prem Goyal
David Andrew Graves
Robert Picton Seymour Howard
Robert Charles Hughes-Penney
Gregory Jones QC
Vincent Thomas Keaveny
Alastair John Naisbitt King

Ian David Luder
Bronek Masojada
The Rt Hon. The Lord Mayor, Alderman
William Anthony Bowater Russell
Sir David Hugh Wootton
Sir Alan Colin Drake Yarrow

COMMONERS

Deputy John David Absalom
Caroline Kordai Addy
Munsur Ali
Rehana Banu Ameer
Randall Keith Anderson
Douglas Barrow
Adrian Mark Bastow
John Bennett
Peter Gordon Bennett
Nicholas Michael Bensted-Smith
Mark Bostock
Deputy Keith David Forbes
Bottomley
Deputy David John Bradshaw
Tijs Broeke
Deputy Michael John Cassidy
Deputy Roger Arthur Holden
Chadwick
John Douglas Chapman
Henry Nicholas Almroth Colthurst
Graeme Doshi-Smith

Karina Dostalova
Simon D'Olier Duckworth
Mary Durcan
John Ernest Edwards
Anne Helen Fairweather
Helen Lesley Fentimen
Sophie Anne Fernandes
John William Fletcher
Marianne Bernadette Fredericks
Deputy The Revd Stephen
Decatur Haines
Graeme Harrower
Sheriff Christopher Michael
Hayward
Christopher Hill
Deputy Tom Hoffman,
Ann Holmes
Michael Hudson
Deputy Wendy Hyde
Deputy Clare James
Deputy Henry Llewellyn Michael
Jones

Shravan Jashvantrai Joshi
Tim Levene
Vivienne Littlechild
Deputy Edward Lord
Andrew Paul Mayer
Jeremy Mayhew
Deputy Catherine McGuinness
Andrew Stratton McMurtrie
Wendy Mead
Deputy Robert Allan Merrett
Andrien Gereith Dominic Meyers
Deputy Brian Desmond Francis
Mooney
Deputy Alastair Michael Moss
Deputy Joyce Carruthers Nash
Barbara Patricia Newman
Susan Jane Pearson
John Petrie
William Pimlott
Judith Pleasance

Deputy James Henry George
Pollard
Henrika Johanna Sofia Priest
Jason Paul Pritchard
Deputy Elizabeth Rogula
James de Sausmarez
John George Stewart Scott
Oliver Sells QC
Jeremy Lewis Simons
Deputy Tom Sleight
Sir Michael Snyder
Deputy James Michael Douglas
Thomson
Deputy John Tomlinson
William Upton QC
Mark Raymond Peter Henry
Delano Wheatley
Deputy Philip Woodhouse
Dawn Linsey Wright

1. Apologies The apologies of those Members unable to attend this meeting of the Court were noted.
2. Declarations Alderman Alison Gowman declared an interest in respect of Item 14(C) as a Trustee of the London Road Safety Council charity.

Nicholas Bensted-Smith, Deputy Tom Hoffman and John Scott also took the opportunity to highlight their previously-declared appointments as Directors of Gresham College, with reference to Item 21.

3. Minutes *Resolved* – That the Minutes of the last Court are correctly recorded.
4. Resolutions *Resolved unanimously* – That the sincere congratulations of this Court be offered to:-
Alderman Sir Peter Kenneth Estlin
on his recent appointment by Her Majesty the Queen as a Knight Bachelor, in recognition of services to International Business, Inclusion and Skills.
Resolved unanimously – That the sincere congratulations of this Court be offered to:-
Geoffrey Michael Boyd Pick, OBE
Director of the London Metropolitan Archives, on his recent appointment by Her Majesty the Queen as an Officer of the Most Excellent Order of the British Empire, in recognition of services to Management of Records and Archives in London.
Resolved unanimously – That the sincere congratulations of this Court be offered to:-
Carol Boswarthack, MBE
the City Corporation's Head of Barbican and Community Libraries, on her recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire, in recognition of her services to libraries.
5. Mayoral Visits The Right Honourable The Lord Mayor reported on his recent visits to Birmingham, the United Arab Emirates, Mexico and the United States of America.
6. Policy Statement The Chair of the Policy and Resources Committee spoke to update the Court on the latest position in respect of the major projects being undertaken by the City Corporation, the Fundamental Review, the Governance Review, and support for the financial and professional services sector in the lead-up to Brexit and beyond.
7. Hospital Seal There were no docquets to be sealed.
8. 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:-
- | | | |
|---|--|-------------------------|
| Tessy Antony De Nassau
<i>Paul Barrow-Longain</i>
<i>William Alfred Hackett</i> | a Consultancy Company Director
<i>Citizen and Scrivener</i>
<i>Citizen and Firefighter</i> | Kensington, London |
| Valerie Ann Barber
<i>Jonathan Martin Averbs</i>
<i>Cdre David Andrew Harry</i>
<i>McGregor Smith, CBE (RN)</i> | a Teaching Assistant
<i>Citizen and Fletcher</i>
<i>Citizen and Cook</i> | Stotfold, Hertfordshire |
| Dr Surjit Singh Bhalla
<i>Jasdev Singh Rehncy</i> | a Financial Adviser
<i>Citizen and Mason</i> | Hounslow, London |

<i>Brian Roy Jones</i>	<i>Citizen and Gold & Silver Wyre Drawer</i>	
Christopher Thomas Bonner <i>Cdre David Andrew Harry</i> <i>McGregor Smith, CBE (RN)</i> <i>Lt Col Marcus Richard Appleton</i>	a Local Government Officer <i>Citizen and Cook</i> <i>Citizen and Cook</i>	North Finchley, London
Ewan James Graham Bramhall <i>Deputy Roger Arthur Holden</i> <i>Chadwick, OBE</i> <i>Deputy Philip Woodhouse</i>	a Teacher <i>Citizen and Bowyer</i> <i>Citizen and Grocer</i>	Bookham, Surrey
Richard James Alexander Bridgwood <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	an Entertainment Company Director <i>Citizen and Farmer</i>	Cambridge, Cambridgeshire
Ruth Olive Buckmaster <i>Alan Leslie Warman</i> <i>Diane Irene Warman</i>	a Teacher, retired <i>Citizen and Clockmaker</i> <i>Citizen and Clockmaker</i>	Hertfordshire
Revd. Canon Stephen Martin Burdett <i>Patricia Agnes Campfield, MBE</i> <i>Wendy Mead, OBE, CC</i>	a Clerk in Holy Orders, retired <i>Citizen and Wheelwright</i> <i>Citizen and Glover</i>	Essex
Cdre Michael Edward Deeks <i>Neil Graham Morgan Redcliffe</i> <i>Paul Theodore Orchart</i>	The Western Australian Agent General <i>Citizen and Basketmaker</i> <i>Citizen and International Banker</i>	Chelsea, London
Oliver Max Dee-Shapland <i>George Niblett</i> <i>Martin Victor Edwards</i>	a Chartered Surveyor <i>Citizen and Mason</i> <i>Citizen and International Banker</i>	Deptford, London
Patrick Richard Doran <i>Ald. Timothy Russell Hailes, JP</i> <i>Gregory Alfred Lawrence, CC</i>	a Caterer, retired <i>Citizen and Pewterer</i> <i>Citizen and Common Councillor</i>	Norfolk
Anna Louise Dunne <i>Cdre David Andrew Harry</i> <i>McGregor Smith, CBE (RN)</i> <i>Lt Col Marcus Richard Appleton</i>	a Property Management Consultant <i>Citizen and Cook</i> <i>Citizen and Cook</i>	Leintwardine, Herefordshire
Ian Edmed <i>Peter Rupert David Wood</i> <i>Trevor George Lord</i>	a Chartered Engineer, retired <i>Citizen and Feltmaker</i> <i>Citizen and Feltmaker</i>	Peacehaven, East Sussex
Christopher Field <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	an Investment Manager <i>Citizen and Farmer</i>	Bartlow, Cambridgeshire
Wendy Sue Fullerton <i>Dorothy Newlands of Lauriston</i> <i>Ann-Marie Jefferys</i>	a Music Teacher <i>Citizen and Basketmaker</i> <i>Citizen and Glover</i>	Poplar, London

The Right Rev'd Robert Todd Giffin <i>Michele McCarthy</i> <i>John A Welch</i>	an Anglican Bishop <i>Citizen and Scrivener</i> <i>Citizen and Pattenmaker</i>	San Antonio, Texas, United States of America
Dennis Allan Gimes <i>John James Tunesi of Liongam, The Younger</i> <i>Barry John Frederick Theobald-Hicks</i>	a Personal Security Officer <i>Citizen and Scrivener</i> <i>Citizen and Scrivener</i>	West Kensington, London
Claire Rebecca Harris <i>Ald. Timothy Russell Hailes, JP</i> <i>Deputy Charles Edward Lord, OBE, JP</i>	a Market Research Consultant <i>Citizen and Pewterer</i> <i>Citizen and Broderer</i>	Hammersmith, London
Kjell Hatteland <i>Ald. Timothy Russell Hailes, JP</i> <i>Deputy Charles Edward Lord, OBE, JP</i>	a Civil Servant <i>Citizen and Pewterer</i> <i>Citizen and Broderer</i>	Chelsea, London
Vincent Patrick Hawkes <i>Robert David Tunks</i> <i>Julian James Clark</i>	a Police Officer <i>Citizen and Blacksmith</i> <i>Citizen and Shipwright</i>	Bishops Stortford, Hertfordshire
Anthony Raymond Hourigan <i>Cdre David Andrew Harry McGregor Smith, CBE (RN)</i> <i>Lt Col Marcus Richard Appleton</i>	a Logistics Consultant <i>Citizen and Cook</i> <i>Citizen and Cook</i>	Cheltenham, Gloucestershire
Robert Kenneth Hutton <i>Richard John Hopkinson-Woolley</i> <i>David Anthony Bianco</i>	a Chartered Surveyor <i>Citizen and Goldsmith</i> <i>Citizen and Chartered Surveyor</i>	Raynes Park, London
Keith Stuart Johnson <i>Jon Richard Leech</i> <i>Timothy John Macandrews, TD JP FCA</i>	a Police Officer, retired <i>Citizen and Clockmaker</i> <i>Citizen and Gold & Silver Wire Drawer</i>	Raynes Park, London
Paul Anthony Johnson <i>Hilary Miller</i> <i>Colin Trevor Gurnett</i>	a Military Musician <i>Citizen and Glover</i> <i>Citizen and Wheelwright</i>	Victoria, London
Dr Anthony Thomas Juniper, CBE <i>Jeremy Lewis Simons, CC</i> <i>Carolyn Foreman Dwyer</i>	an Environmentalist <i>Citizen and Scientific Instrument Maker</i> <i>Citizen and Pavior</i>	Cambridge, Cambridgeshire
Mandy Judith Kidd <i>William Barrie Fraser, OBE</i> <i>Paula Shea Tomlinson</i>	a Secretary, retired <i>Citizen and Gardener</i> <i>Citizen and Gardener</i>	New Barnet, Hertfordshire

Rebecca Judith Lawes <i>The Rt. Hon The Lord Mayor Hilary Ann Russell</i>	an Administrator <i>Citizen and Farmer</i>	Cambridge, Cambridgeshire
William Patrick Lagan Lawes <i>The Rt. Hon The Lord Mayor Hilary Ann Russell</i>	an Investment Banker <i>Citizen and Farmer</i>	Cambridge, Cambridgeshire
Karl Lawton <i>Paul Holmes Mark Douglas Estaugh</i>	a Lighting Director <i>Citizen and Security Professional Citizen and Wheelwright</i>	Sidcup, Kent
Richard William Lincoln <i>Paul Bernard Cohen Robert Whittingham</i>	a Carpentry Company Director <i>Citizen and Gold & Silver Wyre Drawer Citizen and Gold & Silver Wyre Drawer</i>	Benfleet, Essex
Andrew John Lorenz <i>Anne Elizabeth Holden Ann-Marie Jefferys</i>	a Local Government Officer <i>Citizen and Basketmaker Citizen and Glover</i>	Romford, Essex
Laurence Ralph Marchant <i>Jeremy Andrew Batchelor, JP Michael Barley</i>	a Police Constable, retired <i>Citizen and Security Professional Citizen and Security Professional</i>	Brentwood, Essex
Terence George Marlow <i>Alan Leslie Warman Norman Edward Chapman</i>	a Hackney Carriage Driver <i>Citizen and Clockmaker Citizen and Glover</i>	Woodford Green, Essex
Ellen McCarthy <i>John Alexander Smail Cdre David Andrew Harry McGregor Smith, CBE (RN)</i>	an Oil Company Executive, retired <i>Citizen and Distiller Citizen and Cook</i>	Bloomsbury
Aidan Thomas Edward McDonald <i>Wesley Val Hollands Roger Keys</i>	an Electronic Engineer <i>Citizen and Loriner Citizen and Chartered Surveyor</i>	Co. Cork, Ireland
Margot Claudia McDonnell <i>Ald. Timothy Russell Hailes, JP Deputy Charles Edward Lord, OBE, JP</i>	a Civil Servant <i>Citizen and Pewterer Citizen and Broderer</i>	Chelsea
Edward Allan McNabb <i>John A Welch Michele McCarthy</i>	a Barrister & Solicitor <i>Citizen and Pattenmaker Citizen and Scrivener</i>	Ottawa, Ontario, Canada
David Richard Meacher-Jones <i>Harry Andrew Crook Paul Quellyn-Roberts</i>	a Chartered Accountant <i>Citizen and Apothecaries Citizen and Distiller</i>	Chester, Cheshire
Susan Elizabeth Meacher-Jones <i>Harry Andrew Crook Paul Quellyn-Roberts</i>	a Practice Manager <i>Citizen and Apothecaries Citizen and Distiller</i>	Chester, Cheshire

John Mothersole <i>Ald. Sir Peter Kenneth Estlin</i> <i>Ald. Sir Andrew Charles Parmley</i>	a City Council Chief Executive <i>Citizen and International Banker</i> <i>Citizen and Musician</i>	Sheffield, Yorkshire
Rodger Newman <i>Donald Howard Coombe, MBE</i> <i>Martin Robinson</i>	a Lloyd's Broker, retired <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Battersea, London
Osman Fethi Osman <i>Donald Howard Coombe, MBE</i> <i>David Peter Coombe</i>	a Tax Law Director <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	West Wickham, Kent
Dr Ghanshyam Maganbhai Patel <i>Derek Martin Morley</i> <i>Ovlan Clement Redmond</i>	a Medical General Practitioner, retired <i>Citizen and Furniture Maker</i> <i>Citizen and Butcher</i>	Oadby, Leicester
Jonathan Spencer Perry <i>Colin James Bridgen</i> <i>Jeffrey Charles Williams</i>	a Sales Manager <i>Citizen and Carmen</i> <i>Citizen and Carmen</i>	Bristol
Darius Rahimi-Laridjani <i>Sean Padraig Belton</i> <i>Graham Frederick Jones</i>	a Diplomat and Minister Counsellor <i>Citizen and Stationer & Newspaper Maker</i> <i>Citizen and Painter Stainer</i>	East Sheen, Richmond
Benjamin Alexander Ramsay <i>Deputy Kevin Malcolm Everett</i> <i>Richard Evans</i>	a Local Government Officer <i>Citizen and Fletcher</i> <i>Citizen and Educator</i>	Dagenham, Essex
Jeannette Lesley Ramsay <i>Deputy Kevin Malcolm Everett</i> <i>Richard Evans</i>	a Caseworker <i>Citizen and Fletcher</i> <i>Citizen and Educator</i>	Barking, Essex
Dawn Elaine Sayers <i>Ann-Marie Jefferys</i> <i>Emma Sue Redcliffe</i>	a Medical Secretary <i>Citizen and Glover</i> <i>Citizen and Fletcher</i>	St. Albans, Hertfordshire
Peter James Sayers <i>Ann-Marie Jefferys</i> <i>Emma Sue Redcliffe</i>	a Plant Sales Managing Director, retired <i>Citizen and Glover</i> <i>Citizen and Fletcher</i>	St. Albans, Hertfordshire
Melanie Ann Meader Simpson <i>Iain Reid</i> <i>Ald. Sir David Wootton, Kt.</i>	a Company Director <i>Citizen and Educator</i> <i>Citizen and Fletcher</i>	Blackheath, London
Richard Thomas Smithson <i>Ivor Macklin</i> <i>Erick Roberton</i>	an Electrical Engineer <i>Citizen and Painter Stainer</i> <i>Citizen and Painter Stainer</i>	Westerham, Kent
Robert Graham Smithson, JP <i>Ivor Macklin</i> <i>Erick Roberton</i>	an Electrical Engineer, retired <i>Citizen and Painter Stainer</i> <i>Citizen and Painter Stainer</i>	Keston, Kent
Daniel James Staples <i>Neil Graham Morgan Redcliffe</i>	an Army Officer <i>Citizen and Basketmaker</i>	Ipswich, Suffolk

<i>Anne Elizabeth Holden</i>	<i>Citizen and Basketmaker</i>	
David Stringer <i>Hilary Miller</i> <i>Colin Trevor Gurnett</i>	a Risk Management Consultant <i>Citizen and Glover</i> <i>Citizen and Wheelwright</i>	Eastbourne, East Sussex
Samuel James Tomkinson <i>Alan Roy Willis</i> <i>Paul Christian Jensen</i>	a Student <i>Citizen and Baker</i> <i>Citizen and Baker</i>	Camden, London
David Leslie Watson <i>Neil Graham Morgan Redcliffe</i> <i>Emma Sue Redcliffe</i>	an Australian Trade Diplomat <i>Citizen and Basketmaker</i> <i>Citizen and Fletcher</i>	Westminster, London
Geoffrey Howard Watson <i>Ivor Macklin</i> <i>Charles Dragoslav Lazarevic</i>	a Shipping Company Director, retired <i>Citizen and Painter Stainer</i> <i>Citizen and Painter Stainer</i>	Gravesend, Kent
David John Alexander Whitten <i>Ald. Sir David Wootton, Kt.</i> <i>Christopher William Sprague</i>	a Chartered Accountant <i>Citizen and Fletcher</i> <i>Citizen and Barber</i>	Thames Ditton, Surrey
Paul Anthony Wright <i>Jonathan Martin Averbs</i> <i>Cdre David Andrew Harry</i> <i>McGregor Smith, CBE (RN)</i>	a General Manager <i>Citizen and Fletcher</i> <i>Citizen and Cook</i>	Overstone, Northamptonshire

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.

9. Legislation

The Court received a report on measures introduced by Parliament which might have an effect on the services provided by the City Corporation as follows:-

Statutory Instruments

The Official Controls (Animals, Feed and Food, Plant Health Fees Etc.) Regulations 2019 S.I. No. 1488

This Regulation gives effect to EU legislation (Official Controls Regulation (Regulation (EU) 2017/625)). It introduces a risk-based approach to official controls and simplifies current rules extends the application of the rules to the entire agri-food chain. These controls on products of animal and non-animal origin are carried out by the City of London Corporation in its capacity as a port health authority

The Official Feed and Food Controls (England) (Miscellaneous Amendments) Regulations 2019 S.I. No. 1476

This Regulation gives effect to EU legislation (Official Controls Regulation (Regulation (EU) 2017/625)) and enables a proper functioning system of food and

feed safety controls by amending and updating UK legislation to remove references to now repealed EU legislation.

Bills

The following Bills were included in the Queen's Speech, but at the time of writing this report, only the European Union (Withdrawal Agreement) Bill has received a First Reading in Parliament.

European Union (Withdrawal Agreement) Bill

The Bill will implement in domestic law the Withdrawal Agreement which has been agreed between the UK and the EU. It will ensure that the UK leaves the EU with a deal on 31 January, provide for an implementation period ending on 31 December 2020, protect the rights of EU, EEA and Swiss citizens in UK law, and implement the Protocol on Ireland/Northern Ireland. The Bill now also provides that the UK may not agree to an extension of the implementation period.

Agriculture Bill

The Bill will replace the Common Agricultural Policy with a system based on 'public money for public goods', rewarding farmers for work to enhance the environment, improve animal welfare and produce high quality food in a more sustainable way.

Trade Bill

The Bill will create powers so that the UK can transition trade agreements it is party to through its membership of the EU, ensuring continuity for businesses. It will establish an independent body to protect UK firms against injury caused by unfair trade practices and unforeseen surges in imports, create powers for the UK to implement the WTP Agreement on Government Procurement, and ensure the UK government has legal powers to gather and share trade information as evidence to support UK firms against surges in imports and unfair practices.

Financial Services Legislation

This will build on secondary legislation brought forward under the EU (Withdrawal) Act 2018 to ensure the effective operation of retained EU law. It will aim to deliver long-term market access between the UK and Gibraltar for financial services firms and simplify the process which allows overseas investment funds to be sold in the UK. It will also provide for the implementation of the Basel standards to strengthen regulation of global banks. Further measures to ensure the UK maintains its world-leading regulatory standards and remains open to international markets after the UK leaves the EU will be set out in due course.

Private International Law (Implementation of Agreements) Bill

The Bill is intended to make it easier for UK individuals and families who become involved in international legal disputes to access justice by implementing key international agreements to ensure that after Brexit the UK continues to have clear and effective legal rules agreed with other countries. The Bill will provide the Government with powers to implement further agreements on Private International Law, allowing the UK to remain at the forefront of delivering legal certainty and access to justice internationally.

Immigration and Social Security Co-ordination (EU Withdrawal) Bill

The Bill will bring an end to free movement in UK law, allowing the Government to deliver an Australian-style points-based immigration system from 2021. From 2021 EU citizens arriving in the UK will be subject to the same controls as non-EU citizens. It will provide powers to change the current rules for access to benefits and social security coordination.

Employment Bill

The Bill will create a new enforcement body for workers' rights, introduce a right for workers to request a more predictable contract, extend redundancy protections to prevent pregnancy and maternity discrimination, allow parents to take extended leave for neonatal care, and, subject to consultation, make flexible working the default.

Pension Schemes Bill

The Bill will create a legislative framework for the introduction of pensions dashboards, strengthen the Pensions Regulator's powers and sanctions regime, provide a framework for the establishment of collective defined contribution schemes, and amend legislation relating to the Pension Protection Fund compensation regime.

Renters' Reform Bill

The Bill will introduce reforms intended to deliver a fairer and more effective rental market, abolish the use of 'no fault' evictions, introduce a new lifetime deposit, give landlords more rights to gain possession of their property through the courts where there is legitimate need, and widen access to and expand the scope of the database of rogue landlords.

Fire Safety Bill

The Bill will implement the relevant legislative recommendations of the Grenfell Tower Public Inquiry Phase 1 Report. It will clarify that the scope of the Fire Safety Order includes the external walls of a building and strengthen enforcement powers to hold building owners and managers to account.

Building Safety Bill

The Bill will put in place new and enhanced regulatory regimes for building safety and construction products, and ensure residents have a stronger voice in the system.

Online Harms Bill

The Bill is intended to improve internet safety, protect children and other vulnerable users, and ensure there are no safe spaces for terrorists online. It will build on proposals set out in the Online Harms White Paper, with legislation developed in response to the consultation on the White Paper. Ahead of this legislation, the Government will publish interim codes of practice on tackling the use of the internet by terrorists and those engaged in child sexual abuse and exploitation.

Counter Terrorism (Sentencing and Release) Bill

The Bill will provide for tougher sentences for the most serious terrorist offences.

Sentencing Bill

The Bill will change the automatic release on licence for adults convicted of serious violence or sexual offences from halfway to the two-thirds point.

Serious Violence Bill

The Bill will implement a multi-agency approach to tackling the root causes of violent crime. New duties on specified agencies, including local government, will ensure collaborative working and data sharing to reduce serious violence.

Police Powers and Protections Bill

The Bill will establish a Police Covenant on a statutory footing; strengthen the powers available to police to tackle unauthorised encampments, and provide police drivers with additional legal protections.

Domestic Abuse Bill

The Bill will create a statutory definition of domestic abuse, establish in law the Domestic Abuse Commissioner, provide for new Domestic Abuse Protection Notices and Orders, and place a duty on tier one local authorities, such as the GLA, to provide support to victims of domestic violence and their children in refuges.

National Security and Investment Bill

The Bill will strengthen the Government's powers to scrutinise and intervene in business transactions (takeovers and mergers) to protect national security.

Environment Bill

The Bill will put environmental principles into law; introduce legally binding targets; and establish a new Office for Environmental Protection. It will increase local powers to tackle sources of air pollution, and extend producer responsibility for waste materials. Deposit return schemes and charges for specified single use plastic items will also be introduced.

Read.

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

10.
Appointments

The Court proceeded to consider appointments to the following Outside Bodies:-

Where appropriate:-

** denotes a Member standing for re-appointment.*

- (A) One Member on the **Cripplegate Foundation**, for a term expiring in December 2024.

Nominations received:-

Susan Jane Pearson

Read.

Whereupon the Lord Mayor declared Susan Pearson to be appointed to the Cripplegate Foundation.

- (B) One Member on the **Dr Johnson's House Trust**, for a term expiring in December 2021.

Nominations received:-

*Jeremy Lewis Simons

Read.

Whereupon the Lord Mayor declared Jeremy Simons to be appointed to the Dr Johnson's House Trust.

- (C) Three Members on **Christ's Hospital**, for terms expiring in January 2024.

Nominations received:-

*Nicholas Michael Bensted-Smith, J.P.

Read.

Whereupon the Lord Mayor declared Nicholas Bensted-Smith to be appointed to Christ's Hospital.

- (D) Two Members on the **Trust for London**, for terms commencing April 2020 and expiring in April 2025.

Nominations received:-

Rehana Banu Ameer

*Alderman Alison Gowman

*Deputy Edward Lord, O.B.E., J.P.

Read.

The Court proceeded, in accordance with Standing Order No.10, to ballot on the foregoing contested vacancies.

The Lord Mayor appointed the Chief Commoner and the Chairman of the Finance Committee, or their representatives, to be the scrutineers of the ballots.

Resolved – That the votes be counted at the conclusion of the Court and the results printed in the Summons for the next meeting.

11. Questions

*Pimlott, W. to the
Chair of the
Planning and
Transportation
Committee*

Tree Planting and City Greening

William Pimlott asked a question of the Chair of the Planning and Transportation Committee concerning the City's commitments to greening and tree planting in the Square Mile in the coming period.

Responding, the Chair advised that the emerging City of London Local Plan 2036 had ambitious targets to increase greening and tree planting across the City, noting the positive correlation between urban greening and good mental and physical health. Given that the provision of large green spaces in the City's high-density urban environment was difficult to achieve, he observed that small areas of soft landscaping, together with green walls and green roofs associated with buildings and the public realm would, therefore, play a vital role.

In relation to trees and canopy cover, the Chair advised that there were currently over 2,650 trees in the City, an increase from 2,400 in 2012, providing a canopy cover of 2.4%. Whilst this is below the canopy cover in our neighbouring boroughs, the City's size, density of development and, importantly, the extensive network of services below ground, limited the scope for significant increases in tree cover. Nevertheless, the City Corporation's Tree Strategy was currently being reviewed with a view to implementing more ambitious targets.

*Pearson, S.J. to
the Chair of the
Planning and
Transportation
Committee*

Beech Street

Sue Pearson asked a question of the Chair of the Planning and Transportation Committee concerning plans to make the Beech Street tunnel the first zero emission street in London.

In reply, the Chair observed that Beech Street suffered from some of the worst air pollution levels in the Square Mile as, due to the enclosed nature of the street, pollution was effectively trapped and could not easily disperse. This scheme was intended to address the immediate need to bring air quality on Beech Street within legal limits, as well as serving as a pathfinder for wider ambitions to encourage and enable greater use of zero-emission vehicles across the City.

The Chair apologised for any confusion or alarm arising from media reporting on the scheme in late 2019, advising that the engagement plan for residents and businesses, including those in the Golden Lane area, was to be undertaken in the New Year. He agreed that it was not acceptable for residents and business to have first learned of the scheme in this manner and added that, with greater certainty about the start date for the scheme now in place, communications with local communities and businesses would commence imminently. Relevant Members would also have received an information note and a plan of the scheme.

With reference to specific queries concerning the scheme's objectives, the Chair outlined the desire to bring a significant improvement in air quality and health benefits for users and to bring nitrogen dioxide levels on Beech Street and at the entrances to Richard Cloudesley School and Prior Weston Primary School within the limits set out by the European Union and World Health Organisation. He also outlined the various options that had been considered, resulting in a decision to progress with a two-way zero emission street. The scheme was being implemented under an experimental traffic order and the consultation period would coincide with the first six months of the restriction. This, together with comprehensive monitoring, would allow for adaptations to be made as the scheme progressed, allowing the City Corporation to respond to any issues, whilst also informing a final decision.

Sue Pearson asked a supplementary question in which she highlighted the unavoidable detrimental impact of the proposed scheme on residents of the Golden Lane and adjacent areas, particularly in respect of the displacement of traffic and associated air pollution, noise and road safety compared with the minimal benefits to cyclists and pedestrians who would be using the tunnel by choice and only for short periods of time. Given this, she suggested that it appeared the project constituted a vanity project that would enable the City to boast of creating the first zero emission zone in the country, irrespective of the impact on residents. The Chair reminded Members that this was an experimental scheme and the impacts would be monitored closely. It was intended that the effects of this scheme, if successful, could be promulgated across the City, presenting an opportunity to change the tone and method of travel across the area, to the benefit of all in the Square Mile and beyond. Beech Street suffered from the worst air quality in the City and it was, therefore, an appropriate starting point for this new approach.

Responding to further supplementary questions, the Chair agreed with the importance of ensuring effective communication with residents and undertook to ensure that consultation with residents and local Ward Members was in place before the scheme began. He also noted the importance of working with neighbouring boroughs and Transport for London to ensure that plans were joined-up in the wider area and the impacts were fully understood.

12. Motions There were no Motions.

13. Awards & Prizes There was no report.

14. **HOSPITALITY WORKING PARTY OF THE POLICY AND RESOURCES COMMITTEE**

(Deputy Tom Hoffman, M.B.E., Chief Commoner)

17 December 2019

Applications for Hospitality

(a) International Council on Archives reception

It was proposed that the City Corporation host an early evening reception at the conclusion of the International Council on Archives Executive Board Meeting in London on Monday 20th April 2020. The Council is the principal international body in the archives sector and the City Corporation, through London Metropolitan Archives, had worked closely with the Council in showcasing its own work as one of the world's leading archives, and in developing partnerships with other institutions to improve its own services.

It was **recommended** that hospitality be granted for an early evening reception at the conclusion of the International Council on Archives Executive Board Meeting in London, with arrangements to be made under the auspices of the Culture, Heritage and Libraries Committee; the costs to be met from City's Cash within the agreed parameters.

Resolved – That hospitality be granted for an early evening reception at the conclusion of the International Council on Archives Executive Board Meeting in London, with arrangements to be made under the auspices of the Culture, Heritage and Libraries Committee; the costs to be met from City's Cash within the agreed parameters.

(b) Pride Flag Raising 2020

It was proposed that the City Corporation host an early evening reception following the Pride Flag Raising at Guildhall on Monday 22 June 2020 to mark the Pride in London Festival. Pride in London is the UK's largest LGBT+ event. In 2020 the Pride in London Parade was to take place on Saturday 27 June.

It was **recommended** that hospitality be granted for an early evening reception following the Pride Flag raising and that arrangements be made under the auspices of the Establishment Committee; the costs to be met from City's Cash within the agreed parameters.

Resolved – That hospitality be granted for an early evening reception following the Pride Flag raising and that arrangements be made under the auspices of the Establishment Committee; the costs to be met from City's Cash within the agreed parameters.

(c) London Road Safety Council reception

It was proposed that the City Corporation host an early evening reception to coincide with the 2020 AGM and conference of the London Road Safety Council at Guildhall on Friday 17th July 2020. The London Road Safety Council is a cross party organisation committed to improving the safety of all road users and reducing casualties on London's roads.

It was **recommended** that hospitality be granted for conference refreshments and an early evening reception and that arrangements be made under the auspices of the Planning & Transportation Committee; the costs to be met from City's Cash within the agreed parameters.

Resolved – That hospitality be granted for conference refreshments and an early evening reception and that arrangements be made under the auspices of the Planning & Transportation Committee; the costs to be met from City's Cash within the agreed parameters.

(d) Report of Urgent Action Taken: Mark Field retirement dinner

The Court noted action taken in accordance with Standing Order No. 19, in relation to authority granted under urgency procedures to host a dinner in honour of the Rt Hon Mark Field. Mark Field was first elected as MP for the Cities of London and Westminster in 2001. During his 18 years in Parliament, he was a tireless advocate for the City of London and spoke frequently on matters of keen interest to the City Corporation.

Arrangements were to be made under the auspices of the Policy and Resources Committee; the costs to be met from City's Cash within the agreed parameters.

Following the decision of Hospitality Working Party on 17 December 2019, it became evident that waiting for a Court of Common Council decision on 16 January 2020 would not allow sufficient time for arrangements to be put in place and for invitations to be issued. Approval was therefore sought and obtained under urgency procedures.

Resolved – That the action taken under urgency procedures be noted.

(e) Charity Fundraising Dinner: Australian Bushfires Relief Effort

The opportunity was taken to advise Members that the City of London Corporation and the Australian High Commission would be hosting a charity fundraising dinner for the Australian bushfires relief effort on 12 March. The proposal had been considered and approved under urgency procedures after the publication of papers for the current meeting and the action taken would be the subject of a formal report to the March meeting of the Court.

15.

FINANCE COMMITTEE**(Jeremy Paul Mayhew)****Capital Funding Requests**

7 January 2020

In April 2019, the annual capital prioritisation approach was approved, which identified projects to be progressed outside of the Fundamental Review and the resources that would be required to be allocated to them. Subsequent to this, funding approvals were considered in May, July and October to allow the progression of a number of those projects that it had been agreed could be advanced outside of the Fundamental Review and which addressed risks on the corporate risk register, had sound business cases that clearly demonstrated the negative impact of deferring the scheme, or met certain defined criteria (e.g. health and safety compliance requirements, statutory compliance requirements, and so on).

The release of £2.625m was now proposed to fund two of the previously identified schemes which met the criteria for progression outside of the Fundamental Review. A contribution of up to £1.375m from City's Cash reserves was required to progress repair works to the earth embankment dams of Baldwins and Birch Hall Park ponds at Epping, to prevent further deterioration from leakage and internal erosion and also overtopping and dam failure during extreme storm events. Up to £1.25m from City Fund reserves was also required for replacement of the end of life airwave radio police communication system.

Following approval by the Resource Allocation Sub-Committee and Policy & Resources Committee, the Finance Committee now **recommended** to the Court the requisite in-year budget adjustments to allow for the release of the funds and for these two projects to progress.

Resolved – That the allocation of central funding of up to £2.625m, together with the associated in-year budget adjustments, be approved to allow two schemes to progress (subject to the requisite Gateway approvals), viz:-

1. Up to £1.375m from City's Cash reserves as a contribution to the cost of the Baldwins and Birch Hall Park pond works.
2. Up to £1.250m from City Fund reserves to meet the cost of a replacement airwave radio communication system.

16. **COMMUNITY AND CHILDREN'S SERVICES COMMITTEE**

(Randall Keith Anderson)

13 December 2019

Fire Door Replacement Programme

Following the tragedy at Grenfell Tower in 2017, the City of London Corporation began an extensive review of the fire safety of its social housing estates. Early on it was determined that the front doors of many units did not meet present standards and were a significant risk to the compartmentation of the units. Therefore, the City of London Corporation made a public commitment to embark on an enhanced front door replacement programme. The vast majority of front entrance doors in the City's residential blocks were as originally installed and had reached the end of their useful life. This project proposed a programme of works to provide replacement doors which will give up to 60 minutes fire resistance; with 30 minutes as an absolute minimum if 60 minutes was not achievable or appropriate.

The quickest route to getting the fire doors up to standard simultaneously, across multiple sites, was to procure the works on an estate-by-estate basis. The cost difference between this and procuring a single contractor was believed to be negligible. The cost of the fire door replacement programme was expected to be £8,954,000 (comprising of £7,964,000 works costs and £990,000 for fees and staff costs) to be funded by the Housing Revenue Account (HRA) and the Court was **recommended** to approve the progression of the project. The works would also include the replacement of front doors to long leaseholders' flats, which were also the City Corporation's responsibility.

Resolved – That the progression of the HRA Estates Fire Door Replacement Programme to 'Gateway 5' of the City of London Corporation's Projects Procedure (Authority to Start Work) be approved, at a cost of £8.954m (comprising £7,964,000 works costs and £990,000 for fees and staff costs), funded by the HRA.

17. *Resolved* – 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.

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

18. *Resolved* – That the non-public Minutes of the last Court are correctly recorded.
19. **Policy and Resources Committee**
The Court approved proposals relating to the Markets Consolidation Programme.
20. **Finance Committee**
The Court noted action taken under urgency procedures in relation to the award of a Framework Agreement
21. **Gresham Committee (City Side)**
The Court approved funding proposals associated with Gresham College.

The meeting commenced at 1.00 pm and ended at 2.05 pm

BARRADELL.



List of Applications for the Freedom

To be presented on Thursday, 5th March, 2020

*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.

Mohammed Parvez Ahmed <i>Munsur Ali, CC</i> <i>Rehana Banu Ameer, CC</i>	a Councillor <i>Citizen and Common Councillor</i> <i>Citizen and Common Councillor</i>	Brent, London
Adam Akar <i>Lin Jane Luder</i> <i>Ald. Ian David Luder, JP</i>	a Student <i>Citizen and Fletcher</i> <i>Citizen and Cooper</i>	East Sussex
Yuiko Jenifer Andersen <i>Elisabeth Mainelli</i> <i>Sheriff Christopher Michael Hayward, CC</i>	a Manager <i>Citizen and Mason</i> <i>Citizen and Pattenmaker</i>	Putney, London
Paul Charles Barry <i>David Robert Attwood</i> <i>David John Chapman</i>	a Telecommunications Engineer, retired <i>Citizen and Plumber</i> <i>Citizen and Joiner & Ceiler</i>	Peterborough, Cambridgeshire
Cdr Andrew Paul Basson, RN <i>Ald. Timothy Russell Hailes, JP</i> <i>Deputy Charles Edward Lord, OBE, JP</i>	a Royal Navy Officer, retired <i>Citizen and Pewterer</i> <i>Citizen and Broderer</i>	Norwich, Norfolk
Nicholas John Beavon <i>Pareesh Bhanji Modasia</i> <i>Simon Phillip Bannister</i>	a Pharmacist <i>Citizen and Apothecary</i> <i>Citizen and Blacksmith</i>	Wandsworth, London
William Andrew James Benton <i>Daniel Mark Heath</i> <i>Phillip John Davis</i>	a Royal Naval Officer <i>Citizen and Hackney Carriage Driver</i> <i>Citizen and Hackney Carriage Driver</i>	Cornwall
His Honour Judge Jeffrey Blackett <i>Malcolm Alastair Craig</i> <i>Mark Sutherland Johnson</i>	a Judge <i>Citizen and Gold & Silver Wyre Drawer</i> <i>Citizen and Woolman</i>	Epsom, Surrey
Christopher John Bower <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	a TV Producer <i>Citizen and Farmer</i>	Buckinghamshire
Simon Keith Bickley Bright	a Reinsurance Broker	Bermondsey, Southwark

<i>Shravan Jashvantrai Joshi, CC</i> <i>Michael Alan Rutherford</i>	<i>Citizen and Fueller</i> <i>Citizen and Management Consultant</i>	
Leendert Leonard Buurman <i>Peter Hubert William Ruddy</i> <i>Melvyn Stuart Davis</i>	a Software Engineer, retired <i>Citizen and Bowyer</i> <i>Citizen and Bowyer</i>	Hampshire
Joan Lilian Cooksley <i>William Barrie Fraser, OBE</i> <i>Ald. Sir Andrew Charles Parmley</i>	an Underwriter, retired <i>Citizen and Gardener</i> <i>Citizen and Musician</i>	Ridgewood, East Sussex
Alison Helen Cork <i>Eric Alford</i> <i>Margaret Joan Alford</i>	a Writer, Broadcaster & Entrepreneur <i>Citizen and Hackney Carriage Driver</i> <i>Citizen and Musician</i>	Westminster, London
His Honour Judge Keith Charles Cutler, CBE <i>Graham Leslie Flight</i> <i>Lt. Col. John Craven Chambers</i>	a Judge <i>Citizen and Loriner</i> <i>Citizen and Wax Chandler</i>	Salisbury, Wiltshire
Tara Kerry Czogalik <i>Jonathan Martin Avern</i> <i>Jeremy Lewis Simons, CC</i>	a Port Health Business Manager <i>Citizen and Fletcher</i> <i>Citizen and Scientific Instrument Maker</i>	Canvey Island, Essex
John Alfred Deadman <i>Brian Wheatley</i> <i>Peter Howard Allen</i>	a Taxi Driver, retired <i>Citizen and Butcher</i> <i>Citizen and Butcher</i>	Rochester, Kent
Geoffrey St John David Howard Douglas-Hiley <i>Anne Elizabeth Holden</i> <i>Ann-Marie Jefferys</i>	a Chelsea Pensioner <i>Citizen and Basketmaker</i> <i>Citizen and Glover</i>	Chelsea, London
Dr Irena Edwards <i>Mark Raymond Peter Wheatley</i> <i>Deputy James Henry George Pollard</i>	a Solicitor, retired <i>Citizen and Draper</i> <i>Citizen and Skinner</i>	Brent, London
Professor Sir Richard John Evans <i>Ald. & Sheriff Prof. Michael Raymond Mainelli</i> <i>John Christopher Carrington</i>	The Provost of Gresham College <i>Citizen and World Trader</i> <i>Citizen and Information Technologist</i>	Royston, Hertfordshire
Anthony William Fordham <i>Jeremy Paul Mayhew, CC</i> <i>Deputy Robert James Ingham Clark</i>	a Banker <i>Citizen and Loriner</i> <i>Citizen and Clothworker</i>	Reach, Cambridgeshire
Joel John William Garabedian <i>Valerie Anne Boakes</i> <i>Lynn Walters</i>	an Airline Captain <i>Citizen and Marketor</i> <i>Citizen and Horner</i>	Horsham, West Sussex
Alexander Garty <i>Marianne Bernadette Fredericks, CC</i> <i>Wendy Mead, OBE, CC</i>	a Transport Manager <i>Citizen and Baker</i> <i>Citizen and Glover</i>	Westminster, London

Samuel Edward Gervaise-Jones <i>Andrien Meyers, CC</i> <i>Rehana Banu Ameer, CC</i>	an Investment Consultant <i>Citizen and Common Councillor</i> <i>Citizen and Common Councillor</i>	Chorleywood, Hertfordshire
James Thomas Gilbert <i>Iain Reid</i> <i>Richard Leslie Springford</i>	a Piers Manager <i>Citizen and Educator</i> <i>Citizen and Carman</i>	Bexleyheath, Kent
David Grey, MBE <i>Ald. Sir Peter Kenneth Estlin</i> <i>Ald. Sir Andrew Charles Parmley</i>	an Executive Chairman <i>Citizen and International Banker</i> <i>Citizen and Musician</i>	Fulwood, Sheffield, Yorkshire
Jake Lewis Harper <i>Jeremy Paul Mayhew, CC</i> <i>Deputy Robert James Ingham Clark</i>	an Investment Manager <i>Citizen and Loriner</i> <i>Citizen and Clothworker</i>	Clapham, London
Robert Brinley Joseph Harris, OBE <i>Mark Raymond Peter Wheatley</i> <i>Deputy James Henry George Pollard</i>	a Broadcaster and Writer <i>Citizen and Draper</i> <i>Citizen and Skinner</i>	Steventon, Oxfordshire
Andrew Harston <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	a University Director <i>Citizen and Farmer</i>	Billingham, County Durham
Danielle Lillian Harte <i>Guy Fairbank</i> <i>David Harry</i>	a Tourist Guide <i>Citizen and Vintner</i> <i>Citizen and Stationer & Newspaper Maker</i>	Bounds Green, London
Caroline Rachel Elizabeth Harvey <i>Antony David George Harvey</i> <i>Lord Baden-Powell</i>	a Trainee Solicitor <i>Citizen and Educator</i> <i>Citizen and Mercer</i>	Nottingham, Nottinghamshire
Thomas Patrick Vincent Hayes, MBE <i>Eric Charles Nash</i> <i>Maureen Angela Bonanno-Smith</i>	a Theatre Director <i>Citizen and Baker</i> <i>Citizen and Baker</i>	Silvertown, London
Douglas John Herbert <i>Anne Elizabeth Holden</i> <i>Ann-Marie Jefferys</i>	a Television Journalist <i>Citizen and Basketmaker</i> <i>Citizen and Glover</i>	Paris, France
Thomas Hicks, OBE <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	a Musician and Actor, retired <i>Citizen and Farmer</i>	
Roy Hodgson <i>Ald. Gregory Percy Jones , QC</i> <i>Ald. Sir David Wootton, Kt.,</i>	a Football Manager <i>Citizen and Leatherseller</i> <i>Citizen and Fletcher</i>	Twickenham, London
Ondrej Hovadek <i>Mark Anthony Grove</i> <i>Karina Dostalova, CC</i>	a Diplomat <i>Citizen and Cook</i> <i>Citizen and Marketor</i>	Kensington, London
Graeme Barry Howell <i>Michael Steele Keith Grant</i> <i>Patrick John Marsland-Roberts, TD</i>	a Project Management Trainer <i>Citizen and Information Technologist</i> <i>Citizen and Carman</i>	Brentwood, Essex
Nicola Jane Hughes <i>Guy Fairbank</i> <i>David Harry</i>	a Civil Servant <i>Citizen and Vintner</i> <i>Citizen and Stationers & Newspaper Makers</i>	Bounds Green, London
Robert Wood Johnson IV <i>The Rt. Hon The Lord Mayor</i> <i>Deputy Catherine Sidony McGuinness</i>	a Diplomat <i>Citizen and Solicitor</i>	Regent's Park, London

Mark Peter Rhydderch Jones <i>Richard Leslie Springford</i> <i>Iain Reid</i>	a Waterman <i>Citizen and Carman</i> <i>Citizen and Educator</i>	Westminster, London
Brenda Dorothy Kendrick <i>Tijs Broeke, CC</i> <i>Anne Helen Fairweather, CC</i>	a Foster Carer <i>Citizen and Goldsmith</i> <i>Citizen and Common Councillor</i>	Swanley, Kent
Timothy Edward Walter King <i>Edward Frederic Colin Donaldson</i> <i>Nicholas Herbert</i>	a Musician <i>Citizen and Basketmaker</i> <i>Citizen and Basketmaker</i>	Bath, Somerset
Anne Charlotte Begor Lancashire <i>Nigel Reginald Pullman</i> <i>The Hon. Emmeline Veronica Louise Winterbotham</i>	a University Professor, retired <i>Citizen and Leatherseller</i> <i>Citizen and Skinner</i>	Toronto, Ontario, Canada
Michael Lindsay Landau <i>Ald. Timothy Russell Hailes, JP</i> <i>Deputy Charles Edward Lord, OBE, JP</i>	a Finance Director <i>Citizen and Pewterer</i> <i>Citizen and Broderer</i>	Radlett, Hertfordshire
Daren Anthony Legg, JP <i>Peter Ronald Elliott</i> <i>Michael Gerald Whyte</i>	an Equity Trader, retired <i>Citizen and Blacksmith</i> <i>Citizen and Blacksmith</i>	Benfleet, Essex
Jason Leonard <i>Malcolm Alastair Craig</i> <i>Mark Jonathan Napier Winston</i>	an Event Company Director <i>Citizen and Gold & Silver Wyre Drawer</i> <i>Citizen and Maker of Playing Cards</i>	Barnes, London
Gavin Gregory Lewis <i>Andrien Meyers, CC</i> <i>Ald. Timothy Russell Hailes, JP</i>	an Investment Sales Director <i>Citizen and Common Councillor</i> <i>Citizen and Pewterer</i>	Finchley, London
Paul Gregory Kieran Little <i>Brian Lawrence Williamson</i> <i>Anthony Alexander Vlasto</i>	a College Principal <i>Citizen and Master Mariner</i> <i>Citizen and Shipwright</i>	Portrush, Co Antrim, N. Ireland
Dr Mary Clare Loughlin-Chow <i>Ald. & Sheriff Prof. Michael Raymond Mainelli</i> <i>John Christopher Carrington</i>	an Academic Registrar <i>Citizen and World Trader</i> <i>Citizen and Information Technologist</i>	Twickenham, London
Deborah Catherine McCormack <i>Peter Cheesman</i> <i>John Anthony Norman Lockyer</i>	an Early Years Practitioner <i>Citizen and Plumber</i> <i>Citizen and Plumber</i>	Coulsdon, Surrey
Simon John Wyndham Monkhouse <i>Lord Lingfield</i> <i>Nigel Anthony Chimmo Branson, JP</i>	a Consultant Surgeon <i>Citizen and Goldsmith</i> <i>Citizen and Haberdasher</i>	Westcott, Dorking
Christopher John Orr <i>Jeremy Paul Mayhew, CC</i> <i>Deputy Brian David Francis Mooney</i>	an Artist <i>Citizen and Loriner</i> <i>Citizen and Common Councillor</i>	Battersea
Martin Pluhar <i>Mark Anthony Grove</i> <i>Karina Dostalova, CC</i>	a Diplomat <i>Citizen and Cook</i> <i>Citizen and Marketer</i>	Kensington, London
Claire Louise Popplewell <i>The Rt. Hon The Lord Mayor Hilary Ann Russell</i>	a Creative Director <i>Citizen and Farmer</i>	Hammersmith, London

Diana Elizabeth Powell <i>William Barrie Fraser, OBE</i> <i>Ald. Sir Andrew Charles Parmley</i>	a Fire Brigade Control Officer, retired <i>Citizen and Gardener</i> <i>Citizen and Musician</i>	Harpenden, Hertfordshire
Feeoza Begum Ramjean <i>Mark Anthony Grove</i> <i>Jean Deillon</i>	a Club Chef <i>Citizen and Cook</i> <i>Citizen and Distiller</i>	Tottenham, London
Anthony Neil Rawlinson <i>Sara Ann Muggeridge</i> <i>Richard David Williams</i>	a Fundmanager and Private Equity <i>Citizen and Marketor</i> <i>Citizen and Tyler & Bricklayer</i>	St James's, Westminster
David Alan Robertson <i>Alan Robert Brumwell</i> <i>Christopher James Caine</i>	a Police Officer, retired <i>Citizen and Plumber</i> <i>Citizen and Maker of Playing Cards</i>	Colchester, Essex
Jonathan Squirrell <i>Donald Howard Coombe, MBE</i> <i>Martin Robinson</i>	a Consultant <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Thames Ditton, Surrey
Hannah Starkey <i>Deputy Thomas Dieter Dirk Hoffman, MBE</i> <i>Anthony William David Spackman</i>	an Artist <i>Citizen and Tyler & Bricklayer</i> <i>Citizen and Fan Maker</i>	Hackney, London
Andrew Michael Thomas <i>Harry Andrew Crook</i> <i>Sheldon Barry Shapiro</i>	a Consultancy Business Director <i>Citizen and Apothecaries</i> <i>Citizen and Blacksmith</i>	Wrexham, Clwyd, Wales
Jacqueline Lesley Thomas <i>Harry Andrew Crook</i> <i>Sheldon Barry Shapiro</i>	a Dental Nurse, retired <i>Citizen and Apothecaries</i> <i>Citizen and Blacksmith</i>	Wrexham, Clwyd, Wales
Jonathan Edward Treasure <i>Deputy Kevin Malcolm Everett</i> <i>Elizabeth Rogula, CC</i>	a Managing Director, retired <i>Citizen and Fletcher</i> <i>Citizen and Common Councillor</i>	Grays, Essex
Dawn Suzanne Turner <i>Andrien Meyers, CC</i> <i>Ald. Sir Roger Gifford, Kt.</i>	an Executive Director <i>Citizen and Common Councillor</i> <i>Citizen and Musician</i>	Monmouthshire, Wales
Rehan Ul-Haq <i>Ald. & Sheriff Prof. Michael Raymond Mainelli</i> <i>Robert Cripps McDowall</i>	a Banker <i>Citizen and World Trader</i> <i>Citizen and Tin Plate Worker</i>	Worcestershire
Viviane Marie Paule Vayssieres <i>William Horsman</i> <i>Cdr Ian Richard Wellesley-Harding</i>	a Marketing Consultant <i>Citizen and Feltmaker</i> <i>Citizen and Feltmaker</i>	Luton, Bedfordshire
Timothy Mark Wainwright <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	a Private Secretary <i>Citizen and Farmer</i>	Hampshire
Michael John Ward <i>The Rt. Hon The Lord Mayor</i> <i>Ald. Sir Peter Kenneth Estlin,</i>	a Diplomatic Services Officer <i>Citizen and International Banker</i>	Greenwich, New South Wales, Australia
Ashley Sebastian Daudi Christopher Waters <i>Gerald Dawson Clarkson, CBE, QFSM</i> <i>Alan Roy Willis</i>	a Business Development Manager <i>Citizen and Firefighter</i> <i>Citizen and Baker</i>	Tower Hamlets, London

Matthew Stephen Whisman

Frederick Joseph Trowman
David Robert Boston

a University Employee

Citizen and Loriner
Citizen and Gold & Silver Wyre
Drawer

Louisville, Kentucky, United
States of America

Report – City Remembrancer

Measures introduced into Parliament which may have an effect on the work and services provided by the City Corporation

To be presented on 5th March 2020

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

Bills

Telecommunications Infrastructure (Leasehold Property) Bill

The Bill would introduce powers for telecoms providers to gain access to multiple-dwelling buildings on the request of a tenant where the landlord has repeatedly failed to respond to formal notices requesting access.

Statutory Instruments

The Food Information (Amendment) (England) Regulations 2019 S.I. No. 1218

Date in force
1st October 2021

The Regulations introduce a requirement for food businesses to label food, which is prepacked on the same premises from which it is sold to consumers, with a full list of ingredients with allergens emphasised. The Regulations are enforced by the Common Council acting in its capacity as a food authority.

The Council Tax (Demand Notices) (England) (Amendment) Regulations 2020 S.I. No. 21

5th February 2020

The Regulations require proscribed information relating to the adult social care percept to be included in council tax demand notices. The Regulations apply to the Common Council in its capacity as a local authority.

The School and Early Years Finance (England) Regulations 2020 S.I. No. 83

1st April 2020

The Regulations set parameters on how funding is to be applied when determining maintained schools' budgets and how funding for early years education is to be allocated. The Regulations apply to the Court of Common Council in its capacity as a local authority.

The Trade in Animals and Related Products (Amendment) Regulations 2020 S.I. No. 109

24th February 2020

The Regulations amend provisions which relate to the seizure of non-compliant animals and products of animal origin. The Regulations

ensure that an importer's representative is liable for the cost of enforcement measures where consignments fail entry checks. Additionally, it clarifies the remit of Official Fish Inspectors. The regulations apply to the Court of Common Council in its capacities as a local authority and as a port health authority. Additionally, the Common Council is the enforcement authority for the whole of greater London.

The Financial Services and Markets Act 2000 (Central Counterparties, Investment Exchanges, Prospectus and Benchmarks) (Amendment) Regulations 2020 S.I. No. 117

28th February 2020

The Regulations make amendments to FSMA as a consequence of newly enacted EU legislation. This includes amendments to consequential to Regulation (EU) 2019/2099 ("EMIR 2.2"), which introduces a third-country central counterparty supervisory regime. Other provisions include a clarification to the SME Growth Market Regulation, which provides that the FCA is the supervisory authority for the purpose of determining an exemption from the requirement to publish a prospectus and approve exempt documents in lieu of a prospectus.

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

Report – Finance Committee

City Fund 2020/21 Budget Report and Medium-Term Financial Strategy

To be presented on Thursday, 5th March 2020

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

SUMMARY

This report presents the overall financial position of the City Fund (i.e. the City Corporation's finances relating to Local Government, Police and Port Health services).

It is framed by a highly uncertain external environment, with potentially significant changes in external funding policies (on both local government and police funding and business rates) that could significantly impact on the outlook, with more downside than upside risk. It shows that there is a window of opportunity, during the next two years, to help to ensure, through further mitigations, a sustainable medium-term budget outlook.

The scale of these changes will become clearer during the next year, following the Spending Review and reviews of business rates, and will impact from 2021/22 onwards.

Reasonable progress has been made with the Fundamental Review, which has now identified opportunities to increase income and make savings in 2020/21 which do not affect significantly on front line services. In November, your Finance Committee approved the proposals to balance the budget for 2020/21; and adjustments have been made to departmental local risk budgets for 2020/21, following Policy and Resources Committee approval, effectively creating a resource limit for each department and relevant service committee.

We have not yet identified savings that meet the full extent of the financial gap over the medium-term; and the bulk of the required savings are on City Fund. However, the Government has pushed back its reform of Business Rates until next year. This means that we have an extra year of retaining the current level of Business Rates before they are reduced.

This report recommends a number of measures to stabilise the position in 2020/21 that will support the steps that will need to be taken over the medium-term namely, further work on options put forward in the Fundamental Review; income generation measures, including tax/Premium increases; and containing the cost of the major projects and other programmes.

It includes proposals to increase Council Tax by 1.99%, a Social Care Precept increase of 2%, and an increase to the Business Rate Premium by 0.2p in the £.

Members will also want to note the implications of meeting the increased revenue pressures in future years and signal an expectation that additional pressures that may arise during 2020/21 will be absorbed within local risk budgets.

Although the medium-term forecast is balanced using reserves, the longer-term picture is very challenging, especially as the statutory debt repayment provision for City Fund starts to ramp up. Given the magnitude of the impact on City Fund (deficits peaking at c£35m), it is not clear how, given the current funding models and phasing, sufficient savings could be made to accommodate the cost pressures of the Museum of London and the Combined Court building.

Members will want to consider, in the months to come, options, including;

- Phasing of the three major projects;
- Joint ventures on the commercial elements of the projects to bring in external capital; and
- Considering the current fund classification for each project e.g. covering Police accommodation elements of the combined courts from City's Cash.

The 10-year financing strategy is being updated for consideration at the April meeting of your Finance Committee.

There is a further report on the financial position of the other funds within the City Corporation.

RECOMMENDATIONS

Your Finance Committee, following detailed consideration of this City Fund report, **recommends** that the Court of Common Council:

- Confirm a funding commitment of £5.4m from City Fund for 67 additional police officer posts on the understanding that early progress will be made on shared services and that any underspend will be applied to the repayment of the Action Fraud loan in 2020/21.
- Agree to fund the rental costs of Middlesex Street carpark on behalf of CoLP (paragraph 29).
- Approve the overall financial framework and the revised Medium-Term Financial Strategy (paragraph 30)
- Approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21 (Appendix E).
- Approve the treasury indicators including the operational boundary and authorised limit for external borrowing, as stated in the Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21 (paragraph 73 and 74).
- Approve the City Fund Net Budget Requirement of £137.8m (paragraph 46)

- Approve the increases in base budget detailed in Appendix B for 2020/21, included within the City Fund budget requirement.
- Note that the forecast includes items already agreed by Policy and Resources Committee detailed in Appendix B.
- Note that the revenue estimates assume that a Business Rates reset will remove the City's recent business rates growth receipts in 2021/22 (forecast at £35m in 2019/20) and further reforms of Business Rates could further worsen the impact from 2021/22.
- Note that the Local Council Tax Reduction Scheme will remain the same as set by the Court of Common Council on 12 January 2017 (paragraph 68).

Key decisions:

In respect of the following key decisions in setting the levels of Council Tax and Non-Domestic rates, the Court is **recommended** to:

Council Tax

- To consider an increase of 1.99% in the City of London Corporation element of the Council Tax Demand (paragraph 23).
- To approve an increase in the Adult Social Care Precept of 2.00% (paragraph 23).
- Determine the amounts of Council Tax for the three areas of the City (the City, the Middle Temple and the Inner Temple) to which are added the precept of the Greater London Authority (GLA) as set out in Appendix A.
- Determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2020/21 will not be excessive in relation to the requirements for referendum.
- Determine, the discount awarded to unoccupied and unfurnished and uninhabitable dwellings is continued at zero (0%) for the financial year 2020/21.
- Determine that the premium levied on long-term empty property for 2020/21 of 100% is continued and that for properties that have been empty for over five years, a premium of 200% is levied.
- It is recommended that, having regard to the government guidance issued, the Chamberlain be given the discretion, delegated to the Head of Revenues, to reduce or waive the long-term empty premium charge in exceptional circumstances.
- Approve that the cost of highways, street cleansing, waste collection and disposal, drains and sewers, and road safety functions for 2020/21 be treated as special expenses to be borne by the City's residents outside the Temples (Appendix A).

Business Rates

- Set a Non-Domestic Rate multiplier of 52p and a Small Business Non-Domestic Rate Multiplier Rate of 50.7p for 2020/21, inclusive of a Business Rates Premium increase of 0.2p to 0.8p in the £ (paragraph 50).
- Note that, in addition, the GLA is levying a Business Rate Supplement in 2020/21 of 2.0p in the £ on properties with a rateable value of £70,000 and above (paragraph 55).
- Delegate to the Chamberlain the award of discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988 (paragraph 51).
- The City Corporation will participate in the 2020/21 London Business Rate Pool with the Greater London Authority and the London borough councils.
- The City Corporation will act as Lead Authority for the 2020/21 London Business Rate Pool.

Capital Expenditure

- Note the proposed financing methodology of the capital programme in 2020/21 (paragraph 71).
- Approve the Capital Strategy (Appendix F).
- Approve the Capital Budgets for City Fund (paragraph 72).
- Approve the allocation of central funding from the appropriate reserves to meet the cost of the 2020/21 new bids, together with central funding for the remaining projects previously agreed for progression outside of the Fundamental Review – release of funding being subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub Committee at gateway 4(a)
- Approve the allocation of central funding in 2020/21 to provide internal loan facilities for the police and the HRA, currently estimated at £4.2m and £22m respectively.
- Approve the Prudential Code indicators (Appendix D).
- Approve the following resolutions for the purpose of the Local Government Act 2003 (paragraph 73 and Appendix E):
 - The authorised limit for external debt (which is the maximum the City Fund may have outstanding by way of external borrowing) is £192.1m for 2020/21.
 - The prudent amount of Minimum Revenue Provision (MRP) for 2020/21 is £0.979m (Appendix E).

Treasury Management Strategy Statement and Investment Strategy Statement 2019/20

- Agree to change the limit on the maximum total principal sums invested for periods longer than one year from £300m to £500m and the limit on the maximum overall amount of non-specified investments from £300m to £500m

Chamberlain's Assessment

- Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves and contingencies (paragraphs 78-81 and Appendix C).

Resolution by the Court of Common Council

- Agree the resolution for approval, set out in Appendix I.

MAIN REPORT

Background

1. This report sets out the revenue and capital budgets for City Fund for the Finance Committee and Court of Common Council to approve. In setting the budget for 2020/21 and the Medium-Term Financial Strategy (MTFS) for future years, consideration has been given to the high degree of uncertainty and, therefore, risk in determining Local Government funding levels.
2. The City Corporation has benefited from growth in both its income streams and asset holdings. The additional year of business rate growth retention benefits City Fund by £34.5m in 2020/21, producing a surplus of £35.2m before Police deficit financing and resource request uplifts, and giving a much-needed boost to the financial position and the financing of our major projects.
3. Going forward however, there are significant risks and a great deal of uncertainty.
4. The Government recently confirmed the Local Government Finance Settlement for 2019/20 and the Policing Minister published the revenue allocations for Police forces for 2020/21.
5. Revenue streams are likely to be under considerable pressure, as the Government intends to change current funding mechanisms to reflect an increased emphasis on need and to reset the current business rates retention system:
 - a. **The funding settlement one year only** - this year's settlement is the first following the conclusion of the previous four-year Spending Review period (2016-17 to 2019-20). As this is a one-year deal, there remains great uncertainty regarding Local Government funding after March 2021.
 - b. The **Fair Funding Review** of local government funding is likely to shift resources away from London which would affect City Corporation funding.
 - c. **Police Funding Formula review** – this has been delayed, but might well re-emerge after the Spending Review and carries significant risks.
 - d. **Business Rates** – danger of a double hit from a reset which will remove the City's recent growth receipts (forecast at £35m) in 2021/22 and further reforms of Business Rates could again impact from 2021/22.

6. The forecast includes the revenue impact from funding £139m of second tier projects from capital reserves, with capital receipts reserves standing at £137m by 2023/24.
7. The forecasts also assume that all approved Fundamental Review proposals are achieved.
8. Although the City Fund (non-Police) is forecast to be in surplus by £27.3m in 2020/21, it can only be balanced, over the next four years, with the use of general fund reserves. Despite the savings made to date in the Fundamental Review, overall, the City Fund faces substantial growing deficits over the planning period and the 10-year horizon.
9. There are three options to close the medium-term deficits or, more realistically, a combination of the three:
 - Further savings through the continuation of the Fundamental Review; and/or
 - Revenue raising through taxation i.e. increases in Council Tax and Business Rate Premium; and
 - Consideration of the financing strategy for the major projects.

Current Position

Progress with the Fundamental Review

10. The Fundamental Review has now identified opportunities to increase income and make savings in 2020/21 which do not affect front line services. Finance Committee approved the proposal to balance the budget for 2020/21, by pursuing income proposals of £19.5m, savings/ resource reductions of £8.8m, and a £6.7m draw on reserves. Policy and Resources Committee approved in November a package of proposals; and adjustments have been made to departmental local risk budgets for 2020/21, effectively creating a resource limit for each department and relevant service committee. The adjustments are in addition to the current 2% efficiency requirement already included within the MTFP.
11. We have not yet identified savings that meet the full extent of the financial gap in the medium-term. For City Fund however, the Government has pushed back its reform of Business Rates to 2021/22; this means that there is an extra year of retaining the current level of Business Rates before they are reduced.
12. The proposals identified to date do not have a large impact on the financial gap in 2020/21, but they reduce the gap over time. A substantial proportion (25%) of the proposals are, however, income generation, achievement of which is far less certain than cost savings and are, therefore, a risk to the sustainability of the medium-term financial plan.

Latest forecast position

13. The latest forecast position for City Fund is shown below in Table 1. The City Fund (non-Police) is forecast to be in surplus by £27.3m in 2020/21 (allowing for £3m

p.a. revenue requests as shown in Appendix B). It can only however, be balanced, over the next four years, with the use of general fund reserves.

14. Whereas there are no immediate issues to address for the 2020/21 budget, over the 10 year horizon, both City Fund and City's Cash move into significant cumulative deficit and so, whilst action needs to be taken, there is time to consider properly and address prioritisation decisions.

Table 1

Surplus/ (Deficit)	2019/20	2020/21	2021/22	2022/23	2023/24
£m					
City Fund (non-Police) after FR options, including BRP increase of 0.2p in the £ Before major projects	25.8	35.7	1.5	6.6	7.1
Police Deficit	0	(5.4)	(8.6)	(8.8)	(8.8)
Surplus (Deficit) before projects	25.8	30.3	(7.1)	(2.2)	(1.7)
Major Projects	0	0	(4.4)	(14.3)	(21.4)*
City Fund uplift revenue requests	0	(2.3)	(2.1)	(3.6)	(4.3)
Pay award additional funding	0	(0.7)	(1.6)	(2.5)	(3.6)
City Fund Total	25.8	27.3	(15.2)	(22.6)	(31.0)

**Large increase in financing costs as i) reserves reach minimum levels and, consequently, borrowing costs ramp up; and ii) earlier profiling of spend.*

15. For City Fund, the impact of capital projects (Museum of London and the combined courts building) is considerable, with substantial deficits across the 10-year planning horizon. The deficit deepens if the financing strategy is weighted towards borrowing, rather than asset disposal, due to the statutory need to provide an annual contribution to debt repayment.
16. Major Projects funding: Table 2 below sets out the current phasing of the projects. The net financing costs for the planning period 2020/21 to 2023/24 have been included in the City Fund forecast.

Table 2: City Fund major project net costs

£m	2019/20	2020/21	2021/22	2022/23	2023/24
Combined Courts Centre	(6.2)	(22.6)	(114.4)	(147.9)	(137.9)
Museum of London	(12.7)	(20.6)	(118.9)	(117.3)	(44.9)
Total:	(18.9)	(43.2)	(233.3)	(265.2)	(182.8)

17. Given the magnitude of the impact on City Fund (deficits of around £35m), it is not clear how sufficient savings could be made to accommodate the cost pressures of the Museum of London and the Combined Court building.
18. Members will want to consider options in the coming months, which are likely to include:
- Phasing of the three major projects;
 - Joint ventures on the commercial elements of the projects to bring in external capital; and

- c. Considering the current fund classification for each project e.g. covering elements of the combined courts from City's Cash.
19. The 10-year financing strategy for major projects is being recast and will be reported to Finance Committee in April to consider the financing options, including an optimum balance between borrowing and asset disposal. The intention is for Investment Committee in May to advise Resource Allocation Sub Committee on the strategic split between property and non-property investment disposal.
20. Additional funding requests: Policy and Resources Committee and Finance Committee have communicated clearly, over the last six months, that requests for additional resources will only be considered in exceptional circumstances. Consequently, requests for additional funding are restricted to new Policy initiatives or essential schemes. City Fund requests total £2.3m in 2020/21, increasing to £4.3 p.a. by 2023/24 for Culture Mile, Secure City and Homelessness (further details are provided in Appendix B). The sums have been built into the forecast, adding further cost pressures into the medium-term planning horizon. We should use the next year to continue the Fundamental Review and we should be clearer on a number of external factors that will affect the MTFP during the next year.
21. Council Tax: The Council Tax for the current year, 2019/20, is £894.28, expressed at band D and excluding the GLA precept of £78.38. The Council Tax referendum threshold will effectively be 4%, including 2% to spend on adult social care.
22. Table 3 below shows the cumulative impact of an illustrative 4% increase in 2020/21, followed by a 4% increase each year over the MTFP (assuming that the tax base remains static at 2020/21 levels and adjusted for the precepts for the Inner and Middle Temples):

Table 3: Council Tax illustrative forecast

	2019/20	2020/21†	2021/22	2022/23	2023/24
Band D Council Tax (£)	894.28	927.25	964.34	1002.91	1043.03
In-year Income (£'000)	6,311	7,556	7,859	8,173	8,500
Cumulative Income (£'000)	-	1,245	1,548	1,862	2,189

† Assumes 1.99% Council Tax increase + 2% Adult Social Care precept increase and an increase in the Council Tax base

23. In considering the position for 2020/21, the immediate budget position would not in itself necessitate an increase (although the increase in the costs of security and tackling homelessness could be pointed to as a service pressure point). An increase of 1.99%, the maximum increase allowed on the main Council Tax, without a referendum, would generate around £131k. A further 2% adult social care precept increase, raising £138k, is permitted. For comparative purposes, Westminster band D excluding GLA precept is currently £433.34 (£753.85 including the GLA precept); Wandsworth, £443.58 (£764.09 including the GLA precept); and Hammersmith and Fulham £762.02 (£1082.53 including the GLA precept).
24. Members may wish to consider an increase in the Council Tax as:
- Current intelligence suggests that most authorities, including those at the lowest end of the CT league table, are considering increases of up to 3.99%, including

the social care precept. There is a risk that the Corporation will stand out if it does not increase and will move closer to the bottom of the table.

- It could reduce any penalisation in the fair funding review, where an implied council tax level might be assumed (above our current level) which could result in a loss of funding

25. Police: The City of London Police has a forecast underlying budget deficit of £11.1m in 2020/21, rising to c£16.8m p.a. by 2023/24. Resource Allocation Sub Committee approved that the City Corporation would fund £5.4m in 2020/21, with Police responsible for making necessary savings to balance the budget. In 2020/21, the Police Force measures to address the deficit include Transform savings of £5.7m, rising to £9.2m in 2023/24.
26. The Home Office has announced the police funding settlement for 2020/21. The outcome for City of London Police (CoLP) is better than had been previously assumed when the Police Force MTFP was updated in December. Although the core grant remains static at £52.4m there is an un-ringfenced uplift for additional officers of £3.9m plus a ring-fenced uplift of £1.2m, not yet allocated pending progress on recruitment.
27. It is recommended that the Business Rates Premium is increased by 0.2p in the £ to 0.8p in the £ on the understanding that any underspends will be used to repay the outstanding Action Fraud loan and early progress will be made on shared services. This increase is forecast to raise £5m which would cover most of the £5.4m Corporation funding commitment in 2020/21. Along with the Police savings plans, this would balance the 20/21 budget, whilst also providing for the increased demands CoLP are facing in maintaining the security of the City. Any underspends should also be used to repay the outstanding Action Fraud loan.
28. Although the 2020/21 Police budget can be balanced with City Fund support, the ongoing call on City Fund support increases to £8.8m p.a. during the period, which reduces to £3.4m if the 0.2p increase in BR Premium is applied across the period. The Force will therefore need to take further steps, including through the extension of shared services, to balance the budget in the medium-term. In addition to the revenue cost pressures described above, the Force has a number of capital programmes in the pipeline which are currently unfunded. The estimated shortfall is in excess of £41m over the planning period.
29. As part of the Police Accommodation Programme, CoLP require alternative vehicle storage arrangements. Middlesex Street carpark, which is an HRA asset, has been identified as an available site. As an HRA asset, a market rental is required for usage of this asset due to the statutory ringfence in place. An annual rental payment of £250k has been calculated as a market rent, and CoLP have requested support from CoL to meet this cost. This arrangement is likely to be in place over the medium term (to 2025 as a minimum), linked to delivery of the Police Accommodation Programme.

Key assumptions used in the forecast

30. The following paragraphs detail the key assumptions that have been used in the construction of the 2020/21 budget and Medium-Term Financial Strategy:

Income

31. The City Fund has two key income streams, rental and investment income.

- Property rental income is forecast on the expected rental income for each property, allowing for anticipated vacancy levels, expiry of leases and lease renewals. The most recent rental forecast reported to Property Investment Board reveals annual rental income is forecast to increase in 2020/21 but decline over the rest of the planning period largely due to the disposal of Fleet Street Estate to make way for the new Courts major project. It should be noted a further reduction in rental income is anticipated in later years as a consequence of the planned disposal of properties to fund the major projects. Outside these changes, the City's rental income is protected to some extent in the short-term, as our leases are long term with medium-term specified break clauses. The City Surveyor has identified no current fall in demand for office accommodation and the Central London market has up to now remained buoyant. Forecast rental income is regularly reviewed and any potential reduction will be factored into updates to the medium-term financial plan.
- Cash balances are invested in a diversified range of money market and fixed income instruments in accordance with the Treasury Management Strategy with the aim of providing a yield, once security and liquidity requirements have been satisfied. The forecast for treasury management income takes account of the likely path of short-term interest rates (chiefly, the Bank of England base rate) over the upcoming financial year. The Bank of England base rate is forecast to remain near historic lows at 0.75% for the entirety of 2020/21 and to increase gradually over the medium-term. The actual path of interest rates will depend on (amongst other things) progress towards a future trade deal with the EU, the outlook for the domestic economy, and global economic growth. A change of +/-0.25% to the base rate is expected to translate to approximately £1.7m additional/less income for the City Fund per year, based on current cash balances. Interest income is monitored throughout the year and any potential change to the forecast will be reported through updates to the medium-term financial plan.

Expenditure

32. An assumption of a 2% uplift in departmental pay and inflation costs has been built into the forecast, alongside an allowance for the possible outcome of the Pay Review as shown in table 1.

33. Maintaining the good practice of securing at least 2% year on year efficiencies should be deliverable from continuous improvements in processes and ways of working. Efficiencies over and above 2% will provide opportunities for supporting new priorities and pressures.

Grant settlement – City Fund

34. This year's settlement is the first following the conclusion of the previous four-year Spending Review period (2016-17 to 2019-20). There have been no substantive changes from the proposals set out in the October Spending Round, but as this is

a one-year deal, there remains a great deal of uncertainty regarding Local Government funding after March 2021.

Business Rates Retention

35. The London 75% business rates retention pilot has ended; but as anticipated, the London business rate retention pool has been confirmed, operating with a 67% retention rate. The mechanics of the 2020/21 pool are slightly different to those of the previous pools, which will now see a single levy rate adopted across London, with the benefit being the difference between this single levy rate and the rate that would be in place without the pool. For the City Corporation this will mean a drop in its levy rate from 50% to 19.4%.
36. The benefits from the 2020/21 pool will be distributed on the below basis:
- Incentives pot (18%)
 - Settlement Funding Assessment (SFA) (needs based) pot (41%)
 - Population pot (41%).
37. The estimated benefit in 2020/21 for the City Corporation of the business rates retention pool is £1.2m, based on 67% rates retention rather than 75% in 2019/20 where the estimated benefit is £6m.
38. The City Corporation will continue its role as Lead Authority for the 2020/21 London business rates retention pool, which includes all London boroughs and the Greater London Authority.
39. The Business Rates Retention scheme is expected to be reset from 2021/22. MHCLG is expected to launch its final consultation during summer 2020 and announce the revised scheme during autumn 2020. The expected impact on City Fund is the loss of growth in business rates (forecast at £35m in 2020/21) with no transition in a 'hard reset' scenario. Current intelligence suggests that future growth from 2021/22 onwards will be capped and subject to 'soft resets' in future (with less of a 'cliff edge' on removal of growth).
40. MHCLG is also conducting a Fair Funding Review. This review will adjust the baseline funding allocations for all tiers of Local Government across the country. The revised funding formulae will redistribute the business rates income retained within the Local Government sector. It is expected that the review will shift resources away from London and an increased focus on need could impact on City Corporation funding.

Grant funding – City Police

41. The grant for additional police officers is a little higher than expected. These are detailed above in paragraph 17.

Action Fraud Service – City Police

42. The City Fund is providing cash flow assistance in relation to the Action Fraud service provided by CoLP. This service was transferred from the Home Office National Fraud Authority to CoLP with effect from 1 April 2014 and the new IBM-run service went live in 2018. The repayment of the cash flow assistance is currently profiled beyond the medium-term planning period, including deferral of the scheduled 2020/21 repayment, to allow for the current negotiations to conclude and the resulting financial impact to be assessed, but the deferral will be waived if underspends emerge this year and next.

City Support – City Police

43. The City Fund is directly funding some additional costs for IT and the CoLP capital programme - total capital support of £17m has been agreed and further requests are considered on the report on your agenda on capital financing. A key driver of the CoLP capital programme are schemes that are required by the Home Office as part of national programmes, e.g. the Emergency Security Network (ESN).

Revenue Spending Proposals 2020/21

44. The overall budget requirements have been prepared in accordance with the strategy and the requirements for 2019/20 and 2020/21 and are summarised by Committee in the table below. Explanations for significant variations were contained in the budget reports submitted to service committees.

Table 4: City Fund Summary Budget

City Fund Summary by Committee	2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
Net (Expenditure) / Income			
Barbican Centre	(26.5)	(26.3)	(28.8)
Barbican Residential	(2.9)	(2.6)	(2.6)
Community and Children's Services	(13.4)	(14.1)	(13.7)
Culture Heritage and Libraries	(20.6)	(37.3)	(54.5)
Finance	(6.7)	21.6	40.1
Licensing	(0.1)	(0.1)	(0.1)
Markets	1.0	0.7	0.7
Open Spaces	(1.7)	(1.9)	(1.7)
Police	(72.7)	(73.3)	(84.9)
Planning and Transportation	(14.9)	(16.4)	(15.5)
Policy and Resources	(6.0)	(7.2)	(5.0)
Port Health and Environmental Services	(14.4)	(18.5)	(17.2)
Property Investment Board	41.7	44.6	45.4
City Fund Requirement	(137.2)	(130.8)	(137.8)

Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

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

- the contributions from the City's own assets towards the City Fund requirement (interest on balances [line 5] and investment property rent income [line 6])
- the funding received from government grants and from taxes [lines 8 to 11]; and
- the estimated surpluses to be transferred to reserves, or deficits to be funded from reserves [line 13].

Table 5: City Fund net budget requirement and financing

		2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
1	Net expenditure on services	(173.7)	(175.9)	(183.2)
2	Capital Expenditure funded from Revenue	0.0	(2.4)	(2.8)
3	Cyclical Works Programme expenditure financed from revenue	(20.1)	(14.1)	(12.5)
4	Requirement before investment income from the City's Assets	(193.8)	(192.4)	(198.5)
5	Interest on balances	7.9	8.9	8.5
6	Estate rent income	48.7	52.7	52.2
7	City Fund Requirement	(137.2)	(130.8)	(137.8)
	Financed by:			
8	Government formula grants	121.5	121.9	124.5
9	City offset	11.9	11.9	12.1
10	Council tax	8.0	8.0	8.7
11	NNDR premium	12.5	14.7	15.5
12	Total Government Grants and Tax Revenues	153.9	156.5	160.8
13	(Deficit)/Surplus transferred from (to) reserves	16.7	25.7	23.0

46. The City Fund budget requirement for 2020/21 is £137.8m plus a contribution to reserves of £23.0m, resulting in a net City Fund budget requirement of £160.8m, an increase of £6.9m on the previous year before any increase in Business Rates or Council Tax. The following table shows how this is financed and the resulting Council Tax requirement.

Table 6: Council Tax requirement

Council Tax Requirement	2019/20 Original £m	2020/21 Draft £m
Net Expenditure	(193.8)	(198.5)
Estate Rental Income	48.7	52.2
Interest on balances	7.9	8.5
Budget Requirement	(137.2)	(137.8)
Proposed contribution to reserves	(16.7)	(23.0)
Net City Fund Budget Requirement	(153.9)	(160.8)
Financing Sources:		
Business Rates Retention	61.7	59.7

Council Tax Requirement	2019/20 Original £m	2020/21 Draft £m
Police Grant	59.8	64.8
City Offset	11.9	12.1
NDR Premium	12.5	15.5
Collection Fund Surplus (CoL share)	1.0	1.1
Council Tax Requirement	7.0	7.6

47. Included within the net budget requirement is provision for any levies issued to the City Corporation by relevant levying bodies and the precepts anticipated for the forthcoming year in the Inner and Middle Temples (after allowing for special expenses, detailed in Appendix A).

Table 7: Temple Precepts

	2019/20 £	2020/21 £
Inner Temple	208,963	223,634
Middle Temple	164,481	160,559
Total:	373,444	384,193

48. On financing, the table below analyses the change in formula grants:

Table 8: Analysis of Core Government Grants

	2019/20 Original £	2020/21 Draft £	Variance £m	Variance %
Rates Retention: baseline funding	22.6	16.7	(5.9)	(26.1)
Rates Retention: growth	39.1	43.0	3.9	10.0
Subtotal:	61.7	59.7	(2.0)	(3.2)
Police	59.8	64.8	5.0	8.4
Total Core Government Grants	121.5	124.5	3.0	2.5

Business Rates

49. The Secretary of State has proposed a National Non-Domestic Rate multiplier of 51.2p and a small business National Non-Domestic Rate multiplier of £49.9p for 2020/21. These multipliers represent an increase of 0.8p over the 2019/20 levels. The actual amount payable by each business will depend upon its rateable value.
50. If the proposed Business Rate Premium increases by 0.2p to 0.8p in the £, the proposed premium will result in a National Non-Domestic Rate multiplier of 52.0p and a small business National Non-Domestic Rate multiplier of 50.7p for the City for 2020/21. It is anticipated that a Premium of 0.8p will raise £20.5m.
51. As in previous years, authority is sought for the Chamberlain to award the following discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988:

- Supporting Small Business Relief – A discount for ratepayers who as a result of their rateable value changing, as a result of the 2017 revaluation, have lost some or all of their small business rate relief.

52. A discretionary revaluation relief scheme was introduced in April 2017 to support businesses facing the steepest increases in bills following revaluation. This is a four-year scheme with specific amounts allocated to each billing authority for each of the five years. Authority is sought for the Chamberlain to determine the City scheme for the remaining year of the scheme.

53. In 2020/21 the current retail relief scheme will be extended for a further year and the relief increased to 50%. Relief has also been expanded to encompass small music venues and small cinemas. A separate relief has been introduced to provide additional relief to pubs with a rateable value of less than £100,000.

54. The current retail relief scheme is claimed by approximately 400 retail properties in the City. The cost of these reliefs is met in full through a government grant so there is no cost to the City Premium.

Business Rates Supplement

55. The Mayor of London is proposing to levy a Business Rates Supplement of 2.0p in the £ on properties with a rateable value of £70,000 and above to fund Crossrail.

Determination of the Council Tax Requirement

56. 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 A. 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.

57. After allowing for a proposed contribution to reserves, the final City Fund Council Tax requirement for 2020/21 is £7.6m. 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 2020.

58. As detailed in Appendix A, the City's proposed Council Tax for 2020/21 at band D would be £927.25, before adding the Greater London Authority (GLA) precept and inclusive of a 1.99% increase in Council Tax and a 2.0% Adult Social Care precept. To determine the City's Council Tax for each property band, nationally fixed proportions are applied to the average band D property.

59. The GLA's 'provisional' precept for 2020/21 is £79.94 for a Band D property. This excludes the Metropolitan Police requirement and represents an increase of £1.56p compared with 2019/20.

60. The total amounts of Council Tax for each category must be set by the City before 11 March. The proposed amounts are shown in table 9 below:

Table 9: Council Tax per Property Band

	£							
	A	B	C	D	E	F	G	H
Proportion	6	7	8	9	11	13	15	18
CoL	618.17	721.20	824.22	927.25	1133.31	1339.36	1545.42	1854.50
GLA	53.29	62.17	71.06	79.94	97.70	115.47	133.23	159.88
Total	671.46	783.37	895.28	1007.19	1231.01	1454.83	1678.65	2014.38

61. It is anticipated that the City's total Council Tax will remain one of the lowest in London. The Court of Common Council will be requested to determine formally that the relevant (net of local precepts and levies) basic amount of Council Tax for 2020/21 will not be excessive in relation to the new referendum requirements for any council tax increases.

Council Tax Discounts and Long-Term Property Premiums

62. For council tax purposes a property is defined as empty if it is unoccupied and substantially unfurnished. Property that is furnished is treated as a second home.
63. The second home discount was reduced to zero (0%) in 2014. In 2019, the empty property discount was also reduced to zero (0%) and a long-term empty property premium was introduced.
64. The empty property premium was introduced in 2013/14 to encourage landlords to bring long-term empty property back into use. This gave billing authorities the discretion to charge an additional 50% council tax on properties left empty for more than two years.
65. In 2019/20, the maximum permitted premium was increased to 100% for properties empty over two years. The City introduced the long-term empty premium for the first time in 2019/20 and it is estimated that this has resulted in additional income of approximately £200,000.
66. In 2020/21, properties empty over 5 years can be charged a premium of up to 200%. The City currently has 12 properties that would fall into this category and charging the additional premium would raise an additional £11,127 in income. The report recommends that the premium is increased to 200% for properties that remain empty for more than five years.

Council Tax Reduction Scheme

67. In 2013/14, the Government introduced a locally determined Council Tax Reduction Scheme. This replaced the national Council Tax Benefit scheme and assisted people on low incomes with their council tax bills. There are no proposals to make any specific amendments to the Council Tax Reduction Scheme for this or future years, beyond keeping the scheme in line with the national Housing Benefit regulations.
68. The Council Tax Reduction Scheme will therefore remain the same for 2020/21 as was administered in 2016/17, 2017/18, 2018/19 and 2019/20 subject to the annual uprating of amounts in line with Housing Benefit applicable amounts.

Capital

69. The City Corporation has a significant programme of works to the operational property estate (including residential) and highways infrastructure, together with significant expenditure on the major projects. Spending on these types of activity is classified as capital expenditure.
70. 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 historically not borrowed any money to finance these schemes, although borrowing in future years is now anticipated for the major projects. Financing is summarised in the table below.

Table 10: Capital Financing

	2019/20 £m	2020/21 £m
Estimated Capital Expenditure	91.0	150.8
<u>Financing Sources:</u>		
Housing Revenue Account (HRA)	6.1	2.4
Disposal Proceeds	33.8	51.7
Revenue Reserves	27.0	58.9
External Grants and Reimbursements	24.1	37.8
External borrowing	-	-
Total:	91.0	150.8

71. The main areas of capital expenditure in 2020/21 are as follows:

- Major Projects – Museum of London (£22.6m)
- Major Projects – Combined Courts (£20.6m)
- Housing Revenue Account – decent homes* (£30.5m)
- Housing Revenue Account – new build (£18.2m)
- Highways and Transport (£15.7m)
- Police (£4.2m)
- Central Criminal Court (£4.6m)
- New Bids (£23.3m)

*includes loan facility of £22m

72. As part of the new annual capital bids process, the Resource Allocation Sub Committee has granted approval, in principle, to central funding for a number of new bids with a total estimated cost of £89m, of which £23.3m is expected to fall within 2020/21. In addition, approval, in principle, was granted to provide central funding for internal loans for the police and HRA capital spending plans, amounting to £4.3m and £22m, respectively. Finally, there are a number of centrally funded schemes previously approved for progression outside of the

fundamental review which have yet to reach gateway 4(a) when central resources would be allocated. Allowance has been made in the City Fund MTFP for all of these items to demonstrate affordability; financial provision will need to be included within the City Fund revenue and capital budgets, as appropriate, as part of the 2020/21 budget setting process.

73. 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:
- Ratio of financing costs to net revenue stream (City Fund and HRA)
 - Gross debt and the capital financing requirement
 - Estimates of capital expenditure 2020/21 to 2022/23
 - Estimates of the capital financing requirement 2020/21 to 2022/23
 - Times cover on Unencumbered Revenue Reserves.
74. The prudential indicators listed above have been calculated in Appendix D. In addition, treasury-related prudential indicators are required to be set, and these are included within the 'Treasury Management Strategy Statement and Investment Strategy Statement 2020/21' at Appendix E.
75. The Court of Common Council needs to approve formally these indicators.
76. The main point to highlight is that, in order to fund the major projects, there is an underlying future requirement to borrow externally for capital purposes. The cost of borrowing must be charged to the relevant revenue budget, including interest and a statutory provision for repayment of principal known as the Minimum Revenue Provision (MRP). The MRP Policy Statement 2020/21 is set out in Appendix E. The long-term nature of borrowing means these revenue sums are unavailable to fund other activity for a significant period of time. By agreeing to fund capital schemes through borrowing, Members are agreeing to divert this funding away from other revenue activity in order to deliver the major projects.
77. In addition, the funding of capital expenditure from cash received from long lease premiums (which are deferred in accordance with accounting standards) has to be treated as internal borrowing. To ensure that this cash is not 'used again' when the deferred income is released to revenue, the City Corporation will make a MRP equal to the amount released, resulting in an overall neutral impact on the revenue account bottom line.

Robustness of Estimates and Adequacy of Reserves and Contingencies

78. 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.
79. 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:

- provision has been made for all known liabilities, together with indicative costs (where identified) of capital schemes yet to be evaluated;
- the estimates and financial forecast have been prepared at this stage on the basis of the Corporation remaining debt-free until such time as external borrowing may be needed to bridge the gap for major capital projects (the Museum of London relocation and the Combined Courts project);
- prudent assessments have been made regarding key assumptions;
- an annual capital bids process is in place, seeking to ensure that capital expenditure is contained within affordable limits and that it can be demonstrated that each project is of the highest corporate priority;
- 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; and
 - the assumed interest rate remains low across the planning period;
- a strong track record in achieving budgets gives confidence on the robustness of estimates; and
- balancing 2020/21 with 'one-off' measures will give more time to examine the options in the Fundamental Review to achieve further change in future years. The cross-cutting workstreams on the new Target Operating Model and commercial income generation, together with a limited number of initial FR options, are most likely to deliver against our ambitions and financial objectives.

80. An analysis of usable City Fund Reserves is set out in Appendix C. Depletion of City Fund reserves is a consideration for the medium-term: although reserve balances are forecast to remain healthy in 2020/21, the potential call on reserves to support revenue and capital expenditure beyond 2020/21 reinforces the need for the fundamental review to prioritised plans.

81. In assessing the adequacy of contingency funds, the Chamberlain has reviewed the allocation and expenditure of contingency funds over the past four years and concluded that the estimates are robust. This takes account of the Finance Committee contingencies, the Policy and Resources Committee contingency, and the Policy Initiatives Fund. In each of the past four years, the provision of funds has been more than sufficient resulting in an uncommitted balance for each contingency fund in each year. On this basis, the existing contingency provision will remain unchanged for 2020/21. A full analysis of contingency fund provision and expenditure is provided in Appendix H.

Risks

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

Within the City Corporation's control:

- Delivery of the income generation schemes under the Fundamental Review;
- Achievement of Police savings targets needed to mitigate the Force deficit; and Action Fraud overspending and changes in cash flow requirement; and

- Major projects not being delivered within estimated costs.

Outside the City Corporation's control:

- Brexit affecting the rental income from our commercial property as a result of increased voids;
- Business Rates income - volatility around the growth forecasts and appeals, dependent on full occupation of new builds and the London Business Rates Retention pilot; and
- Fair Funding review which could affect government support to fund services.

Equalities Implications

83. During the preparation of this report, all Chief Officers were asked to consider whether there would be any potential adverse impact of the various budget policy proposals on equality of service. This was with particular regard to service provision and delivery that affects people, or groups of people, in respect of disability, gender and racial equality. None were received.

Conclusion

84. The medium-term financial challenge facing the City Corporation reflects:
- external factors, such as potential major changes to business rate income and government support, which could lead to a significant drop in income;
 - the funding requirement flowing from the adoption of a major projects programme; and
 - pressures across a range of existing revenue and capital budgets.
85. In addition, there are risks to the achievement of the 2020/21 budget position and medium-term financial plan:
- A substantial proportion (25%) of the Fundamental Review proposals are income generation, achievement of which is far less certain than cost savings and are, therefore, a risk to the sustainability of the medium-term financial plan. Further work will be carried out on the options to quantify the extent of this risk.
 - Achievement of Police savings targets needed to mitigate the Force deficit; and
 - Potential liabilities crystallising from Action Fraud.
86. This report recommends a number of measures to stabilise the position in 2020/21 and support the steps that will need to be taken over the medium-term, through a combination of options in the Fundamental Review to achieve further change in future years; income generation measures, including tax/Premium increases; containing the cost of major projects and other programmes. The planned use of reserves to support the medium-term position is sustainable only in the short term.
87. It is important that the Fundamental Review continues to ensure that funding is aligned with the Corporation's Corporate Plan objectives and ensure a sustainable budget position over the medium- and longer-term.

88. Increases in Council Tax should be considered in view of wider developments across London, the Fair Funding Review, and pressures on social care budgets.
89. The Court is, therefore, asked to approve the recommendations set out at the start of this report.

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

DATED this 18th day of February 2020.

SIGNED on behalf of the Committee.

Jeremy Paul Mayhew
Chairman, Finance Committee

Appendices

- Appendix A – Calculating Council Tax
- Appendix B – Additional Revenue Funding Requests
- Appendix C – City Fund Useable Reserves
- Appendix D – Prudential Indicators
- Appendix E – Treasury Management Strategy Statement and Investment Strategy Statement 2020/21
- Appendix F – Capital Strategy
- Appendix G – City Fund Budget Policy
- Appendix H – Review of contingency funds

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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 of London together with the Council Tax bases for each part of the City's area.

The above calculation is as follows:

$$'B1' = \frac{\pounds 7,556,317.88}{8,149.17}$$

$$'B1' = \pounds 927.25$$

Note: Item R consists of the following components:

	£	£
City Fund Net Budget Requirement		160,814,308
Less:		
Business Rates Retention	(59,666,000)	
Police Grant	(64,828,245)	
City's Offset	(12,064,000)	
Estimated Non-Domestic Rate Premium (Net)	(15,500,000)	
Estimated Collection Fund Surplus as at 31 March 2020 (City's share)	(1,199,745)	(153,257,990)
TOTAL COUNCIL TAX REQUIREMENT ®		7,556,318

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:

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

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:

$$\text{'B2'} = \frac{\pounds 927.25 - \pounds 21,066,193.09}{8,149.17}$$

$$\text{'B2'} = \pounds 1,657.82 \text{ CR}$$

Note: Item A consists of the following components:

	£	£
Highways Net Expenditure	8,914,000.00	
Street Cleansing	6,985,000.00	
Waste Collection	2,569,000.00	
Waste Disposal	1,335,000.00	
Road Safety	495,000.00	
Drains and Sewers	384,000.00	
Total City's Special Expenses		20,682,000.00
Inner Temple's Precept	223,634.40	
Middle Temple's Precept	160,558.69	384,193.09
Total Special Items		21,066,193.09

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

$$\text{'B3'} = \text{£1,657.82 CR} + \frac{\text{£20,682,000}}{8,000.55}$$

$$\text{'B3'} = \text{£927.25}$$

Inner Temple

$$\text{'B3'} = \text{£1,657.82 CR} + \frac{\text{£223,634.40}}{86.51}$$

$$\text{'B3'} = \text{£927.25}$$

Middle Temple

$$\text{'B3'} = \text{£1,657.82 CR} + \frac{\text{£160,558.69}}{62.11}$$

$$\text{'B3'} = \text{£927.25}$$

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
Proportion	6	7	8	9	11	13	15	18
CoL	618.17	721.20	824.22	927.25	1133.31	1339.36	1545.42	1854.50
GLA	53.29	62.17	71.06	79.94	97.70	115.47	133.23	159.88
Total	671.46	783.37	895.28	1007.19	1231.01	1454.83	1678.65	2014.38

ADDITIONAL REVENUE FUNDING REQUESTS

Description	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Committee approvals
Culture Mile – Funding for a further year to enable self-funding model to be developed.	1.0				Finance 12/12/2019
Homelessness & Rough Sleeping – The operational costs to support a 30-bed high support hostel including staffing around the clock, a range of specialist support, training & therapeutic interventions and building costs.	1.2	1.5	2.2	2.0	Resource Allocation Sub & Policy & Resources 23/01/2020
Secure City Programme – Provision of a safe & secure environment for businesses, residents & tourists. Phase 1 will deliver changes to the current infrastructure to replace old analogue technology with latest integrated back office security systems.	0.2	0.6	1.4	2.2	Resource Allocation Sub & Policy & Resources 23/01/2020
Totals	2.4	2.1	3.6	4.2	

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Reserves

Forecast Movements in City Fund Usable Reserves 2020/21				
	Notes	Estimated Opening Balance 1 Apr 2020 £m	Forecast Net Movement in Year £m	Estimated Closing Balance 31 Mar 2021 £m
Revenue Usable Reserves				
General Reserve	a	20.0	-	20.0
Earmarked				
Major Projects Financing Reserve	b	94.3	(13.8)	80.5
Police Future Expenditure	c	0.0	-	0.0
Highways Improvements	d	39.0	1.1	40.1
VAT Reserve	e	4.2	-	4.2
Proceeds of Crime Act	f	0.0	-	0.0
Judges Pensions	g	1.1	-	1.1
Public Health	h	0.9	(0.1)	0.8
Renewals and Repairs	i	0.5	(0.1)	0.4
Service Projects	j	10.2	-	10.2
Total Revenue Earmarked		170.2	(12.9)	157.3
Housing Revenue Account (HRA)	k	2.0	(0.9)	1.1
Total Revenue Usable Reserves		85.6	(13.4)	72.2
Capital Usable Reserves				
Capital Receipts Reserve	l	175.5	(38.0)	137.5
Capital Grants Unapplied	m	33.2	0.3	33.5
HRA Major Repairs Reserve	k	0.7	0.5	1.2
Total Capital Usable Reserves		209.4	(37.2)	172.2
Total Usable Reserves		295.0	(50.6)	244.4

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. Major Projects Financing Reserve – This reserve will contain the balance of the general reserve above £20m to fund investment in major projects, either as a direct revenue contribution or to generate income to fund revenue costs.
- c. Police Reserve - Revenue expenditure for the City Police service is cash limited. Underspends against this limit may be carried forward as a reserve to the following financial year and overspends 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. VAT Reserve – Should the City 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.
- f. Proceeds of Crime Act – Cash forfeiture sums awarded to the City. Under the guidelines of the scheme, the funds must be ringfenced for crime reduction initiatives.
- g. Judges Pensions - Sums set aside to assist with the City of London's share of liabilities.
- h. Public Health - established from ring-fenced grant allocations. The grant must be used on activities whose main or primary purpose is to improve the public health of local populations.
- i. Renewals and Repairs – Sums obtained on the surrender of headleases and set aside to fund cyclical maintenance and repair works to the property and void costs.
- j. 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.
- k. These reserves are ringfenced by statute to the Housing Revenue Account.
- l. The capital receipts reserve will be exhausted due to the City's commitment to Major projects over the life of the MTFP, subject to further receipts being received.
- m. Capital grants and contributions received for specific purposes. This includes receipts from the City's Community Infrastructure Levy.

PRUDENTIAL INDICATORS

The following Prudential Indicators (and those included in Appendix (E) 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 2020/21, 2021/22 and 2022/23 (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

	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Revised	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
HRA	0.41	0.71	0.29	0.66	0.43	0.46	0.46
Non-HRA	-0.17	-0.40	-0.49	-0.41	-0.42	-0.36	-0.27
Total	-0.12	-0.29	-0.41	-0.39	-0.41	-0.35	-0.21
<i>At this time last year</i>	-0.12	-0.29	-0.04	-0.30	-0.35	-0.31	-

This ratio is intended to represent the extent to which the net revenue consequences of capital financing and borrowing impact on the net revenue stream. Since the City Fund is currently 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. The reduction in the Non-HRA ratios from 2021/22 reflects the revenue impact of borrowing costs. The movement in HRA ratios mirrors the revenue contributions to the major repairs reserve, which is used to fund the HRA programme of capital works necessary to maintain the housing estates.

Prudential Indicator of Prudence

Gross Debt and the Capital Financing Requirement

Table 2

	Period 2019/20 to 2022/23
	£m
Gross Debt	153,200
Capital Financing Requirement	355,339

To ensure that, over the medium term, borrowing will only be for capital purposes, this indicator demonstrates that gross debt will not exceed the capital financing requirement over the period 2019/20 to 2022/23. As a result of the two major projects to be funded through City Fund - the Museum of London relocation and the new combined courts building at Fleet Street – significant external borrowing is anticipated from 2021/22 onwards. The remainder of the capital financing requirement (the underlying need to borrow) is to be met largely through internal borrowing.

Prudential Indicators for Capital Expenditure and External Debt

Estimate of Capital Expenditure

Table 3

	2016/17 Actual £m	2017/18 Actual £m	2018/19 Actual £m	2019/20 Revised £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
HRA	8.775	6.974	10.854	16.219	48.741	44.510	18.410
Non-HRA	250.705	42.58	67.199	74.824	102.026	288.742	304.496
Total	259.480	49.549	78.053	91.043	150.767	333.252	322.906
<i>At this time last year</i>	259.480	49.549	117.122	211.045	183.224	286.245	-

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 expenditure, including more robust estimates relating to the major projects (Museum of London relocation and the new combined courts building).

Estimate of the Capital Financing Requirement

Table 4

	2016/17 Actual £m	2017/18 Actual £m	2018/19 Actual £m	2019/20 Revised £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
HRA	0.000	0.000	0.000	0.000	22.000	26.560	26.029
Non-HRA	40.628	44.590	43.592	38.355	56.458	225.897	329.31
Total	40.628	44.590	43.592	38.355	78.458	252.457	355.339
<i>At this time last year</i>	40.628	48.095	46.945	127.29	224.637	399.843	-

The capital financing requirement (CFR) reflects the underlying need to borrow to finance capital expenditure and is calculated by identifying the shortfall in capital financing sources

(e.g. capital receipts, grants, revenue reserves etc) to be applied. Borrowing can either be internal (use of internal cash balances) or external (third party loan finance).

Since 2016/17, the City Fund has been financing some capital expenditure from cash sums received from the sale of long leases, which are treated as deferred income in accordance with accounting standards. For the purposes of this indicator, such funding counts as 'internal borrowing'. In addition, from 2021/22 the City Fund will need to take out loans with third parties (external borrowing) towards funding for the major projects.

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 E.

Local Indicators

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 5

	2019/20	2020/21	2021/22	2022/23
Times cover on unencumbered revenue reserves	(1.8)	6.2	5.0	2.6
<i>At this time last year</i>	(3.8)	0.1	N/a	-

This indicator is calculated by dividing the balance of unencumbered general reserves by the annual revenue deficits/(surpluses). For 2019/20 a revenue surplus is forecast, but from 2020/21 onwards annual revenue deficits are anticipated against steadily declining general reserve balances. Remedial action to address this financial risk is planned through the ongoing fundamental review and further consideration of alternative funding options for the major projects.

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TREASURY MANAGEMENT STRATEGY STATEMENT

AND

ANNUAL INVESTMENT STRATEGY

2020/21

Changes are highlighted and underlined

Issue Date: **11/02/2020**
To be Agreed by Court of Common Council **05/03/2020**

Treasury Management Strategy Statement and Annual Investment Strategy 2020/21

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. These capital plans provide a guide to the borrowing needs of the City, essentially the longer-term cash flow planning, to ensure that the organisation can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

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 Code of Practice was revised in November 2017.

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.

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy. The capital strategy provides a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services as well as an overview of how the associated risk is managed and the implications for future financial sustainability. The Treasury Management Strategy Statement is reported separately from the Capital Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles from the policy and commercial investments usually driven by expenditure on an asset.

1.4. Treasury Management Strategy for 2019/20

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 City's Prudential Indicators are set in its annual Budget Report

and Medium-Term Financial Strategy, while Treasury Indicators are established in this report (Appendix 3).

The Act requires the Court of Common Council to set out its treasury strategy for borrowing (section 7 of this report) and to prepare an Annual Investment Strategy (section 8 of this report). The Investment Strategy 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 2020/21 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, Link Asset Services, Treasury Solutions.

The strategy covers:

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy
- the current treasury position
- treasury indicators which limit the treasury risk and activities of the City
- 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 MHCLG MRP Guidance, the CIPFA Treasury Management Code and the MHCLG 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 Fund 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.

2. Capital Expenditure, Capital Financing and the Underlying Borrowing Requirement

The City's capital expenditure plans are a key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

The City's capital expenditure plans in respect of its local authority functions (the City Fund) are detailed in the 2020/21 Budget Report and Medium-Term Financial Strategy, which also contains the City's Prudential Indicators. The Prudential

Indicators summarise the City Fund's annual capital expenditure and financing plans for the medium term.

Estimate of Capital Expenditure and Financing (City Fund)

Table 1	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Capital Expenditure:					
Non-HRA	67.2	74.8	102.0	288.7	304.5
HRA	10.9	16.2	48.7	44.5	18.4
Total	78.1	91.0	150.7	333.2	322.9
Financed by:					
Capital grants	15.8	24.1	37.8	43.4	24.7
Capital reserves	14.7	33.7	10.6	90.0	175.0
Revenue	47.6	33.2	61.3	20.5	12.8
Total	78.1	91.0	109.7	153.9	212.5
Net financing need:	0.0	0.0	41.0	179.3	110.4

The Prudential Indicators also establish the City Fund's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the City Fund's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource (the net financing need in Table 1), will increase the CFR.

Estimate of the Capital Financing Requirement (City Fund)

Table 2	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Non-HRA	43.6	38.4	56.5	225.9	329.3
HRA	0.0	0.0	22.0	26.6	26.0
Total	43.6	38.4	78.5	252.5	355.3

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The City's MRP Policy is detailed in Appendix 3.

City's Cash

The City also delivers capital expenditure outside of its capacity as a local authority, via City's Cash. As with the City Fund, any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the

City's Cash borrowing requirement. Table 3 summarises the planned City's Cash borrowing over the next few years.

City's Cash Borrowing

Table 3	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Borrowing	£125m	£250m	£250m	£450m	£450m

As with the MRP for the City Fund, borrowing for City's Cash will be reduced gradually over time through the application of a debt financing reserve as set out in the City's Cash Borrowing Policy Statement (Appendix 9).

3. Current Portfolio Position

The City's treasury portfolio position at 31 December 2019 comprised:

Treasury Portfolio				
	Actual	Actual	Current	Current
	31/03/19	31/03/19	31/12/19	31/12/19
Treasury investments	£m	%	£m	%
Banks	£318.7	37%	£448.8	39%
Building societies (rated)	£50.0	6%	£139.0	12%
Local authorities	£15.0	2%	£20.0	2%
Liquidity funds	£317.2	37%	£318.7	28%
Ultra-short dated bond funds	£65.0	8%	£65.0	6%
Short dated bond funds	£100.0	12%	£150.0	13%
Total treasury investments	£865.9	100%	£1,141.5	100%
Treasury external borrowing				
Short term market debt (City's Cash)	£125.0	100%		
Long term market debt (City's Cash)			£250.0	100%
Total external borrowing	£125.0	100%	£250.0	100%

The overall weighted average rate of return on investments was 1.42% as at 31 December 2019 compared to 1.07% as at 31 March 2019.

4. Treasury Indicators for 2020/21 – 2022/23

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

5. Prospects for Interest Rates

The City of London has appointed Link Asset Services (Link) 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 forecasts for both short term (Bank Rate – also known as “the Bank of England base rate”) and longer term interest rates and

Appendix 2 provides a more detailed economic commentary. The following table and accompanying text below gives the Link central view.

	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 years	25 year	50 year
Mar 2020	0.75	2.30	2.50	3.00	2.90
Jun 2020	0.75	2.30	2.50	3.00	2.90
Sep 2020	0.75	2.40	2.60	3.10	3.00
Dec 2020	0.75	2.40	2.60	3.20	3.10
Mar 2021	1.00	2.50	2.70	3.30	3.20
Jun 2021	1.00	2.60	2.80	3.40	3.30
Sep 2021	1.00	2.70	2.90	3.50	3.40
Dec 2021	1.00	2.80	3.00	3.60	3.50
Mar 2022	1.00	2.90	3.10	3.70	3.60
Jun 2022	1.25	2.90	3.10	3.80	3.70
Sep 2022	1.25	3.00	3.30	3.80	3.70
Dec 2022	1.25	3.00	3.20	3.90	3.80
Mar 2023	1.25	3.10	3.30	3.90	3.80

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU at some point in time. The result of the General Election has removed some uncertainty but it is still unclear whether agreement will be reached with the EU on a trade deal before December 2020.

The Monetary Policy Committee's (MPC) decision to leave Bank Rate unchanged at 0.75% during 2019 is in the context of ongoing uncertainty over Brexit. At its November meeting the MPC registered concerns over the outlook for the domestic economy and global growth. If those concerns were to materialise then the MPC would likely cut Bank Rate; if they dissipate, interest rates would probably rise at a "gradual pace and to a limited extent".

Bond yields continued to fall to extraordinarily low levels in the first half of 2019 as expectations of a recession in the world's largest economy, the US, mounted and against a general background of a downturn in global economic growth combined with low inflation. Eurozone bond yields have been negative and, at times, the US yield curve has inverted (ten year yields have been below shorter term yields). This situation has partially reversed since the autumn and if global growth and the US economy fare better than expected this year it is likely that investors will sell out of "risk-off" assets such as US treasuries and UK gilts, which will increase yields. The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period. Therefore, economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earning.
- PWLB borrowing interest rates were on a major falling trend during the first half of 2019-20 but then increased by 100 basis points on 9 October 2019, when HM Treasury increased the margin added to the prevailing gilt rate that is used to determine the interest rate on new loans to local authorities. As a result the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%.
- Because borrowing rates are expected to be higher than investment rates, any new borrowing undertaken by the City will have a “cost of carry” (the difference between higher borrowing costs and low investment returns) in the near term which will most likely incur a revenue cost.

6. Interest Rate Exposure

The revised Prudential Code removes the requirement to set treasury indicators for fixed and variable interest rate exposure. Instead the City is required to set out how it intends to manage interest rate exposure.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

7. Borrowing Strategy

The borrowing strategy is developed from the capital plans and prospect for interest rates outlined in sections 2 and 5 above, respectively.

For both the City Fund and City's Cash, the capital expenditure plans create borrowing requirements and the borrowing strategy aims to make sure that sufficient cash is available to ensure the delivery of the City's capital programme as planned.

The City can choose to manage the borrowing requirements through obtaining external debt from a variety of sources; through the temporary use of its own cash resources (“internal borrowing”); or via a combination of these methods.

7.1. City Fund

The City Fund has a positive Capital Financing Requirement, and this is expected to grow in the next few years (see table 2 above). As the City Fund currently has no

external debt, it is therefore maintaining an under-borrowed position which is forecast to increase if the City Fund does not acquire external debt. This means that the capital borrowing need is being managed within internal resources, i.e. cash supporting the City Fund's reserves, balances and cash flow is being used as a temporary measure. This strategy is prudent because it helps the City Fund to minimise borrowing costs in the near term and because it leads to lower investment balances which reduces counterparty risk. Against these advantages the City is conscious of the increased exposure to interest rate risk that is inherent in internal borrowing (i.e. the risk that the City Fund will need to replace internal borrowing with external borrowing in the future when interest rates are high).

Therefore, against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Chamberlain will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. For example,

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Finance Committee and the Court of Common Council at the next available opportunity.

The City must set two treasury indicators representing the upper limits for the total amount of external debt for City Fund. These limits are required under the Prudential Code in order to ensure borrowing is affordable and is consistent with the City Fund's capital expenditure requirements.

- The **operational boundary for external debt** should represent the most likely scenario for external borrowing. It is acceptable for actual borrowing to deviate from this estimate from time to time. The proposed limit is set to mirror the estimated CFR for the forthcoming year and the following two years.
- The **authorised limit for external debt** is the maximum threshold for external debt for over 2020/21, 2021/22 and 2022/23. This limit is required by the Local Government Act 2003 and is set above the operational boundary to ensure that the City is not restricted in the event of a debt restructuring opportunity.

The proposed limits for 2020/21 are set out in Appendix 3.

The City is also required to set a treasury indicator in respect of the maturity structure of external debt to ensure that the external debt portfolio remains appropriately balanced over the long term. Under the revised Treasury Management Code of

Practice, the City is required to set limit for all borrowing (i.e. both fixed rate and variable debt), and the proposed limits are detailed in Appendix 3.

7.2. City's Cash

The capital expenditure plans for City's Cash have also created a borrowing requirement. During 2019/20, this financing need was met through the issuance of £250m market debt which was secured through a private placement exercise. A further £200m of market debt has been arranged for drawdown in 2021/22. It is not anticipated that any new external borrowing will be acquired by City's Cash. However, the Chamberlain will keep this position under review and in doing so will have regard for liquidity requirements, interest rate risk and the implications for the revenue budget.

The regulatory framework established through the CIPFA professional codes and MHCLG guidance pertains to the City's local authority function, the City Fund. To facilitate effective management of the City's Cash borrowing requirement, this organisation has adopted the City's Cash Borrowing Policy Statement (Appendix 9), which sets out the principles for effectively managing the risks arising from borrowing on behalf of City's Cash. Under this framework, the City has resolved to establish two further treasury indicators, which will help the organisation to ensure its borrowing plans remain prudent, affordable and sustainable:

- **Estimates of financing costs to net revenue stream.** This indicator is given as a percentage and establishes the amount of the City's Cash net revenue that is used to service borrowing costs.
- **Overall borrowing limits.** This indicator represents an upper limit for external debt which officers cannot exceed.

The proposed indicators for 2020/21 are set out in Appendix 3 alongside the City Fund treasury indicators.

7.3. Policy on borrowing in advance of need

The City will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the City can ensure the security of such funds.

7.4. Debt rescheduling

The City does not anticipate any debt rescheduling in the near term. However, should any opportunities for debt rescheduling arise (through a decrease in borrowing rates, for instance), such cases will need to be considered in the context of the current treasury position and the size of the cost of debt repayment (i.e. any penalties incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;

- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

All rescheduling will be reported to the Court of Common Council, at the earliest meeting following its action.

7.5. Sources of borrowing

Historically, the main source of borrowing for UK local authorities has been the PWLB. On 9 October 2019, the Government increased the margin over gilt yields payable on new loans by local authority borrowers by 100 basis points to 180 basis points. Local authorities have recourse to other sources of external borrowing including financial institutions, other local authorities and the Municipal Bonds Agency. The extent to which any of these options proves cheaper than the PWLB Certainty Rate is still evolving but will be kept under review.

8. Annual Investment Strategy

8.1. Investment Policy

The City of London's investment policy will have regard to the MHCLG's Guidance on Local Government Investments ("the Guidance"), the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes 2017 ("the CIPFA TM Code") and CIPFA Treasury Management Guidance Notes 2018.

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, (e.g. commercial property), are covered in the Capital Strategy, (a separate report).

The City's investment priorities are:

- (a) security; and
- (b) liquidity.

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 the 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 MHCLG 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. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; 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 achieve this consideration, 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 Appendix 4 under the ‘specified’ and ‘non-specified’ investments categories.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.

The City will also set a limit for the amount of its investments which are invested for longer than 365 days (see Appendix 3).

8.2. Creditworthiness policy

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 these criteria and submit them to the Financial Investment Board for approval 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.

Regular meetings are held involving the Chamberlain, the Deputy Chamberlain, Corporate Treasurer and members of the Treasury team, where the suitability of prospective counterparties and the optimum duration for lending is discussed and agreed.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty would result in a temporary suspension, which will be reviewed in light of market conditions.

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

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 – Royal Bank of Scotland ring-fenced operations. This bank can be included if it continues to be part nationalised, or it meets the ratings in Banks 1 above.
- Banks 3 – The City's own banker (Lloyds Banking Group) 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 criteria 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 £10bn; or
 - (ii) meet the ratings for banks outlined above

- Money Market Funds CNAV* – with minimum credit ratings of AAA/mmff
- Money Market Funds (MMFs) LVNAV* – with minimum credit ratings of AAA/mmff
- Money Market Funds (MMFs) VNAV* – with minimum credit ratings of AAA/mmff
- Ultra-Short Dated Bond Funds with a credit rating of at least AAA/f (previously referred to as Enhanced Cash Plus Funds)
- Short Dated Bond Fund – These funds typically do not obtain their own standalone credit rating. The funds will invest in a wide array of investment grade instruments, the City will undertake all necessary due diligence to ensure a minimum credit quality across the funds underlying composition is set out within initial Investment Manager Agreements and actively monitor the on-going credit quality of any fund invested.
- UK Government – including government gilts and the debt management agency deposit facility.
- Local authorities

A limit of **£500m** will be applied to the use of non-specified investments.

***European Money Market Reform.** Under EU money market reforms implemented in 2018/19, three new classifications of money market funds have been created:

- Constant Net Asset Value (“CNAV”) MMFs – must invest 99.5% of their assets into government debt instruments and are permitted to maintain a constant net asset value.
- Low Volatility Net Asset Value (“LVNAV”) MMFs – permitted to maintain a constant dealing net asset value provided that certain criteria are met, including that the market net asset value of the fund does not deviate from the dealing net asset value by more than 20 basis points.

Variable Net Asset Value (“VNAV”) MMFs – price assets using market pricing and therefore offer a fluctuating dealing net asset value

8.3. Use of additional information other than credit ratings.

Additional requirements under the Code require the City to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties

8.4. Time and monetary limits applying to investments.

The time and monetary limits for institutions on the City’s counterparty list are set out in Appendix 5 as at 31st December 2019. The City may add managers to this list as appropriate.

8.5. UK banks – ring fencing.

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The City will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

8.6. Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA (Fitch) or equivalent. The country limits 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 (which is currently rated as AA) will be excluded from this stipulated minimum sovereign rating requirement.

8.7. 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). Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Investment returns expectations: On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 2, 2021. Bank Rate forecasts for financial year ends (March) are:

•	2019/20	0.75%
•	2020/21	0.75%
•	2021/22	1.00%

- 2022/23 1.00%

Link consider that the overall balance of risks to economic growth in the UK is probably to the downside due to weight of uncertainties over Brexit as well as a softening global economic picture. The balance of risks to increases in Bank Rate and shorter term PWLB rates are probably similarly to the downside. If a Brexit deal is agreed with the EU and approved by Parliament, the outlook for economic growth is likely to look more positive and increases in Bank Rate will be more likely.

9. Investment Treasury Indicator and Limit

Total principal funds invested for greater than 365 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 365 days (up to three years)			
	2020/21 £M	2021/22 £M	2022/23 £M
Principal sums invested >365 days	500	500	500

10. Investment performance benchmarking

The City will monitor investment performance against Bank Rate and 3- and 6-month London Interbank Bid Rate (LIBID).

11. 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.

12. External fund managers

A proportion of the City's funds, amounting to £533.7m as at 31 December 2019, are externally managed on a discretionary basis by the following fund managers:

- Aberdeen Standard Investments
- CCLA Investment Management Limited
- Deutsche Asset Management (UK) Limited
- Federated Investors (UK) LLP
- Invesco Global Asset Management Limited
- Legal and General Investment Management
- Payden & Rygel Global Limited
- Royal London Asset Management

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.

The credit criteria to be used for the selection of the Money Market fund manager(s) is based on Fitch Ratings and is AAA/mmf. The Ultra-Short Dated Bond fund managers (including the Payden & Rygel Sterling Reserve Fund, Federated Sterling

Cash Plus Fund and Aberdeen Standard Investments Ultra Short Duration Sterling Fund) are all rated by Standard and Poor's as AAA.

The City also uses two Short Dated Bond funds managed by Legal and General Investment Management and Royal London Asset Management. Both funds are unrated (as is typical of these instruments). The funds offer significant diversification by being invested in a wide range of investment grade instruments, rated BBB and above and limiting exposure to any one debt issuer or issuance.

13. Policy on the use of external service providers

The City uses Link 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.

14. Scheme of Delegation

Please see Appendix 7.

15. Role of the Section 151 officer

Please see Appendix 8.

16. Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. The training needs of members and treasury management officers are periodically reviewed. **Training was most recently undertaken by Members in February 2019.**

APPENDICES

1. Interest Rate Forecasts 2020-2023
2. Link Asset Services view on Economic Background
3. Treasury Indicators 2020/21 – 2022/23 and Minimum Revenue Provision Statement
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
9. City's Cash Borrowing Policy Statement

LINK INTEREST RATE FORECASTS 2020 – 2023

Link Asset Services Interest Rate View													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80

Note: The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective since 1st November 2012.

LINK ASSET SERVICES VIEW ON ECONOMIC BACKGROUND

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by

e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more

optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank’s eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by ‘growth friendly’ fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around

their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly

government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.

- **Weak capitalisation of some European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. **There has also been rising anti-immigration sentiment in Germany and France.**
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

TREASURY INDICATORS 2020/21 – 2022/23 AND MINIMUM REVENUE PROVISION STATEMENT

TABLE 1: TREASURY MANAGEMENT INDICATORS	2018/19	2019/20	2020/21	2021/22	2022/23
	actual	probable outturn	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt -					
Borrowing	143,592	138,355	178,458	338,921	441,920
other long-term liabilities	13,888	13,770	13,653	13,536	13,419
TOTAL	157,480	152,125	192,111	352,457	455,339
Operational Boundary for external debt -					
Borrowing	43,592	38,355	78,458	238,921	341,920
other long-term liabilities	13,888	13,770	13,653	13,536	13,419
TOTAL	57,480	52,125	92,111	252,457	355,339
Actual external debt*	0	0			
Upper limit for total principal sums invested for over 365 days (per maturity date)	£300m	£300m	£500m	£500m	£500m

*Actual external debt at the end of the financial year

TABLE 2: Maturity structure of borrowing during 2019/20	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

TABLE 3: CITY'S CASH BORROWING INDICATORS	2018/19	2019/20	2020/21	2021/22	2022/23
	actual	probable outturn	estimate	estimate	estimate
	%	%	%	%	%
Estimates of financing costs to net revenue stream	0.4%	2.9%	4.2%	10.1%	12.1%
	£'000	£'000	£'000	£'000	£'000
Overall borrowing limits	125,000	250,000	250,000	450,000	450,000

MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2020/21

To ensure that capital expenditure funded by borrowing is ultimately financed, the City Fund is required to make a Minimum Revenue Provision (MRP) when the Capital Financing Requirement (CFR) is positive. A positive CFR is indicative of an underlying need to borrow and will arise when capital expenditure is funded by 'borrowing', either external (loans from third parties) or internal (use of cash balances held by the City Fund).

MHCLG regulations have been issued which require the Court of Common Council to approve **an MRP Statement** in advance of each year. The regulatory guidance recommends four options for local authorities. Options 1 and 2 relate to government supported borrowing prior to 2008. As the City Fund does not have any outstanding borrowing from this period, these options are not relevant. For any prudential borrowing undertaken after 2008, options 3 and 4 apply:

- **Option 3: Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- **Option 4: Depreciation method** – MRP will follow standard depreciation accounting procedures;

For any new borrowing under the prudential financing system, the City Fund will apply the asset life method over the useful economic life of the relevant assets. However, as loan repayments will commence in advance of the assets becoming operational, additional provision will be made in the early years so that MRP is at least equal to the amount of the loan principal repaid. This option provides for a reduction in the borrowing need over the approximate life of the assets.

As in previous years, the City will continue to apply a separate MRP policy for that portion of the CFR which has arisen through the funding of capital expenditure from cash received from long lease premiums which are deferred in accordance with accounting standards. This deferred income is released to revenue over the life of the leases to which it relates, typically between 125 and 250 years.

The City's MRP policy in respect of this form of internal borrowing is based on a mechanism to ensure that the deferred income used to finance capital expenditure is not then 'used again' when it is released to revenue. The amount of the annual MRP is therefore to be equal to the amount of the deferred income released, resulting in an overall neutral impact on the bottom line.

MRP will fall due in the year following the one in which the expenditure is incurred, or the year after the asset becomes operational.

The MRP liability for 2019/20 is £5,237k and is estimated at £979k for 2020/21

TREASURY MANAGEMENT PRACTICES (TMP 1) – Credit and Counterparty Risk Management

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.

	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 CNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds LVNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds VNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Ultra-Short Dated Bond Fund	AAA/f (or equivalent)	In-house via 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. A maximum of £500m 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 categories set out below.

	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	£300m 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
UK Index Linked Gilts	AAA	In-house on a buy-and-hold basis and fund managers	£50m Overall	Three years
Short Dated Bond Funds	--	In-house via Fund Managers	£100m per Fund	n/a*

*Short Dated Bonds Funds are buy and hold investments with no pre-determined maturity at time of funding, liquidity access is typically T + 3 or 4.

APPROVED COUNTERPARTIES as at 31 DECEMBER 2019

BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES

FITCH RATINGS		BANK*	LIMIT PER GROUP	DURATION
A+	F1	Barclays Bank PLC (NRFB)	£100M	Up to 3 years
A+	F1	Barclays Bank UK PLC (RFB)		
A	F1	Goldman Sachs International Bank	£100M	Up to 3 years
AA	F1+	Handelsbanken PLC	£100m	Up to 3 years
A+	FI+	HSBC (RFB)	£100M	Up to 3 years
A+	FI+	HSBC (NRFB)		
A	F1	Lloyds Bank Corporate Markets PLC (NRFB)	£150M	Up to 3 years
A+	F1	Lloyds Bank PLC (RFB)		
A+	F1	Bank of Scotland PLC (RFB)		
A	F1	NatWest Markets PLC (NRFB)	£100M	Up to 3 years
A+	F1	National Westminster Bank PLC (RFB)		
A+	F1	Royal Bank of Scotland PLC (RFB)		
A+	F1	Santander UK PLC (RFB)	£100M	Up to 3 years

*Under the ring-fencing initiative, the largest UK banks are now legally required to separate the core retail business into a ring-fenced bank (RFB) and to house their complex investment activities into a non-ring-fenced bank (NRFB). See section 8.2 above for further details.

BUILDING SOCIETIES

FITCH RATINGS		BUILDING SOCIETY	ASSETS	LIMIT PER GROUP	DURATION
A	F1	Nationwide	£238Bn	£120M	Up to 3 years
A-	F1	Yorkshire	£43Bn	£20M	Up to 1 year
A-	F1	Coventry	£46Bn	£20M	Up to 1 year
A-	F1	Skipton	£23Bn	£20M	Up to 1 year
A-	F1	Leeds	£19Bn	£20M	Up to 1 year

MONEY MARKET FUNDS

FITCH RATINGS	MONEY MARKET FUNDS Limit of £100M per fund	DURATION
AAA/mmf	CCLA	Liquid
AAA/mmf	Federated Short-Term Sterling Prime Fund*	Liquid
AAA/mmf	Aberdeen Sterling Liquidity Fund	Liquid
AAA/mmf	Invesco	Liquid
AAA/mmf	Deutsche Liquidity Fund	Liquid

ULTRA SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	ULTRA SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
AAA/f	Payden Sterling Reserve Fund	Liquid
AAA/f	Federated Sterling Cash Plus Fund*	Liquid
AAA/f	Aberdeen Standard Investments Short Duration Managed Liquidity Fund**	Liquid

*A combined limit of £100m applies to balances across the Money Market Fund and Ultra Short Dated Bond Fund both managed by Federated Standard

SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
-	Legal and General Short Dated Sterling Corporate Bond Index Fund	Liquid
-	Royal London Investment Grade Short Dated Credit Fund	Liquid

FOREIGN BANKS

(with a presence in London)

FITCH RATINGS		COUNTRY AND BANK	LIMIT PER GROUP	DURATION
		<u>AUSTRALIA</u>		
AA-	F1+	Australia and New Zealand Banking Group Ltd	£100M	Up to 3 years
AA-	F1+	National Australia Bank Ltd	£100M	Up to 3 years
		<u>CANADA</u>		
AA-	F1+	Bank of Montreal	£100M	Up to 3 years
AA-	F1+	Royal Bank of Canada	£100M	Up to 3 years
AA-	F1+	Toronto-Dominion Bank	£100M	Up to 3 years
		<u>GERMANY</u>		
A+	F1+	Landesbank Hessen-Thueringen Girozentrale	£100M	Up to 3 years
		<u>NETHERLANDS</u>		
AA-	F1+	Cooperatieve Rabobank U.A.	£100M	Up to 3 years
		<u>SINGAPORE</u>		
AA-	F1+	DBS Bank Ltd.	£100M	Up to 3 years
AA-	F1+	United Overseas Bank Ltd.	£100M	Up to 3 years
		<u>SWEDEN</u>		
AA-	F1+	Skandinaviska Enskilda Banken AB	£100M	Up to 3 years
AA-	F1+	Swedbank AB	£100M	Up to 3 years
AA	F1+	Svenska Handelsbanken	£100M	Up to 3 years

LOCAL AUTHORITIES

LIMIT OF £25M PER AUTHORITY
Any UK local authority

APPROVED COUNTRIES FOR INVESTMENT

This list is based on those countries which have sovereign ratings of AAA as at 21 January 2020.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg*
- Netherlands
- Norway *
- Singapore
- Sweden
- Switzerland
- United States

AA

- United Kingdom

* Currently no eligible banks to invest in either country as per the Link Asset Services weekly list

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.

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.

CITY'S CASH BORROWING POLICY STATEMENT

1. The City Corporation shall ensure that all of its City's Cash capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the overall fiscal sustainability of City's Cash.

2. Borrowing shall be undertaken on an affordable basis and total capital investment must remain within sustainable limits. When assessing the affordability of its City's Cash investment plans, the City Corporation will consider both the City's Cash resources currently available and its estimated future resources, together with the totality of its City's Cash capital plans, income and expenditure forecasts.

3. To ensure that the benefits of capital expenditure are matched against the costs, a debt financing reserve will be established.

4. To the greatest extent possible, expected finance costs arising from borrowing are matched against appropriate revenue income streams.

5. The City Corporation will organise its borrowing on behalf of City's Cash in such a way as to ensure that financing is available when required to manage liquidity risk (i.e. to make sure that funds are in place to meet payments for capital expenditure on a timely basis). The City Corporation will only borrow in advance of need on behalf of City's Cash on the basis of a sound financial case (for instance, to mitigate exposure to rising interest rates).

6. The City Corporation will ensure debt is appropriately profiled to mitigate refinancing risk.

7. The City Corporation will monitor the sensitivity of liabilities to inflation and will manage inflation risks in the context of the inflation exposures across City's Cash (e.g. the City Corporation will be mindful of the potential impact of index-linked borrowing on the financial position of City's Cash).

8. The City Corporation will seek to obtain value for money in identifying appropriate borrowing for City's Cash. Where internal borrowing (i.e. from City Fund or Bridge House Estates) is used as a source of funding, the City Corporation will keep under review the elevated risk of refinancing.

9. All borrowing is expected to be drawn in Sterling. Where debt is raised in foreign currencies, the City Corporation will consider suitable measures for mitigating the risks presented by fluctuation in exchange rates.

10. Interest rate movement exposure will be managed prudently, balancing cost against likely financial impact.

11. The City Corporation will maintain the following indicators which relate to City's Cash borrowing only:

- Estimates of financing costs to net revenue stream
- Overall borrowing limits

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DRAFT CAPITAL STRATEGY
Financial Years 2020/21 to 2024/25

INTRODUCTION AND BACKGROUND

1. This Capital Strategy is an overarching document which sets the policy framework for the development, management and monitoring of capital investment. The strategy focuses on core principles that underpin the City Corporation's capital programme. In particular it covers:
 - the short, medium and longer-term objectives;
 - the key issues and risks that will impact on the delivery of the programme; and
 - the governance framework in place to ensure the capital programme is delivered and provides value for money.
2. This capital strategy aligns with the priorities set out in the City Corporation's Corporate Plan and other key strategy documents such as those covering the investment estates.
3. The strategy is integrated with the medium-term financial plan and treasury management strategy.
4. The Court of Common Council will agree the capital strategy and programme at least annually and as necessary in the event of a significant change in circumstances.

CORE PRINCIPLES THAT UNDERPIN THE CAPITAL PROGRAMME

5. The key principles for the capital programme are summarised below and shown in more detail as Annex A.
6. Capital investment decisions reflect the aspirations and priorities included within the City Corporation's Corporate Plan and supporting strategies.
7. Schemes to be included in the capital programme will be subject to a gateway process overseen by Project Sub-Committee. The only exception to this is for the major projects that are dealt with by Capital Buildings Committee and Policy and Resources Committee and investment property acquisitions and disposals which are overseen by Property Investment Board. This oversight includes feasibility and option appraisal costs which are classified as supplementary revenue project expenditures. All schemes are prioritised according to availability of resources and scheme specific funding, and factors such as legal obligations, health and safety considerations and their longer-term impact on the City Corporation's financial position.
8. A key consideration is affordability of the capital programme in terms of the City's Medium Term Financial Plan. In any programme presented to Members for

agreement this issue will have been considered and, where resources are limited, new bids must be prioritised to ensure the best use of available funds.

9. Commissioning and procuring for capital schemes will comply with the requirements set out in the City Corporation's Standing Orders, Financial Regulations and Procurement Code.

GOVERNANCE FRAMEWORK

10. The City Corporation in its local authority capacity is required to agree the capital strategy annually in accordance with the Prudential Code. To be consistent with the City Corporation's Treasury Management Strategy Statement the capital strategy for City's Cash is being reported on the same basis. For the time being, capital plans of the Bridge House Estates Trust are excluded pending the outcome of the Bridge House Estates Governance review, although the general principles and framework described in this document will apply.
11. The impact of the capital programmes for each fund, including the major projects and new schemes approved via the annual bid process is incorporated into the medium-term financial plans to demonstrate affordability, sustainability and prudence.
12. To assist in the resource allocation process, project proposals are prioritised and categorised, with only essential schemes within the following criteria being considered for central funding:
 - health and safety or statutory requirements;
 - substantially reimbursable;
 - spend to save/income generating (payback within 5 years);
 - major renewals of income generating assets;
 - must address a risk on the Corporate Risk Register or that would otherwise be escalated to the register e.g. replacement of critical end of life assets, schemes required to deliver high priority policies and schemes with high reputational impact;
 - must have a sound business case clearly demonstrating the negative impact of the scheme not going ahead such as material penalty costs or loss of income.

In preparation for the 2020/21 annual budget, an annual capital bid process has been introduced to facilitate the strategic allocation of resources to the highest priority schemes.

13. Projects are one of the key ways that the City Corporation delivers its strategic aims and priorities. The City Corporation is committed to ensuring that projects are delivered efficiently and that the best use is made of the resources available to the organisation. Approval of projects is the responsibility of the Policy and Resources Committee through its Project Sub-Committee, which scrutinises individual projects, and the Resource Allocation Sub-Committee, which considers the overall programme of project activity and funding. Decisions about projects are made in conjunction with service committees and the Court of Common Council (for high

value projects). Major Projects are managed directly through the Capital Buildings Committee or Policy and Resources Committee.

14. Where the Town Clerk considers a scheme has policy implications, or where the Policy and Resources Committee has indicated it wishes to consider a particular project further, project reports will also be submitted to that Committee.
15. The Finance Committee is responsible for obtaining value for money, improving efficiency and overseeing procurement generally across the organisation. The Finance Committee therefore receives periodic reports on the City Corporation's capital expenditure.
16. The gateway process is contained in the Project Procedure, which is approved by the Policy and Resources Committee and the Court of Common Council. It applies to all projects over £50,000. The Town Clerk monitors the progress of reports from start to finish and project managers maintain information about the progress of projects on the Project Vision system. Project Boards are usually established for individual projects, particularly those that require officers from a number of departments to deliver them.
17. Inclusion of schemes in the capital programme is subject to agreement by the relevant City Corporation committees which, depending on value, will include the Court of Common Council.
18. All projects progressing to the capital programme comply with standing orders, financial regulations, project procedure (with the exception of the major projects under the control of the Capital Buildings Committee), procurement code and rules and are subject to confirmation of funding.

SHORT, MEDIUM AND LONG-TERM CAPITAL PLANNING OBJECTIVES

19. The City Corporation maintains an approved capital programme that covers a five year period which is approved by the Court of Common Council as part of the annual budget setting process.
20. Going forward the intention is to extend the capital programme over a longer term, especially with regard to the major projects, to aid in the financial planning process. Planning the capital programme over a ten year period will ensure that the City Corporation does not over-commit to a capital programme that is not affordable, sustainable and prudent.
21. The impact of the major projects on available funding over the medium to long term will be significant and it will be a requirement to prioritise the remaining capital spend to make best use of the limited resources that will be available.
22. The City Corporation has substantial operational property and investment property portfolios. Strategic plans are produced for each fund for the investment properties which are agreed by Property Investment Board. Operational properties are overseen by Corporate Asset Sub-Committee with a corporate asset management plan being overseen by this committee.

Appendix F

23. Such a sizeable property portfolio requires significant capital and revenue investment to maintain it and in the case of the investment property to maximise the returns. These schemes are therefore likely to make ongoing major calls on the City Corporation's limited capital resources.
24. To assist with managing this commitment the City Corporation is conducting a fundamental review to determine a target operating model, which will incorporate an operational property review with a view to disposing surplus assets through rationalising the operational property estate.

CAPITAL INVESTMENT PRIORITIES

25. Capital investment plans are driven by the City Corporation's Corporate Plan, the key strategic document that sets out the City Corporation's vision, ambitions, values and priorities. The Corporate Plan is underpinned through the departmental business plans which include assets required in their delivery and highlight capital investment requirements and aspirations. The latest draft capital and supplementary revenue project plans, which include costs of feasibility and option appraisal and the indicative cost of schemes still under development, are as follows:

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Later Years £m	Total £m
City Fund	107.6	159.3	336.6	323.5	218.4	145.6	1,291.0
City's Cash	51.5	195.5	191.1	209.3	61.9	773.8	1,483.1
	159.1	354.8	527.7	532.8	280.3	919.4	2,774.1

The current plans have been further analysed into three main groups:

	City Fund £m	City's Cash £m	Total £m
Major Projects	886.8	1,258.9	2,145.7
Capital Programme	278.2	195.0	473.2
New Bids	126.0	29.2	155.2
	1,291.0	1,483.1	2,774.1

26. There are four major projects at various stages of development:
- Museum of London Relocation (City Fund and City's Cash);
 - Combined Courts (City Fund);
 - Market Consolidation Programme (City's Cash);
 - Centre for Music (City's Cash, future currently uncertain with the main expenditures largely beyond the medium-term financial planning period)
27. These projects represent a substantial funding requirement of unprecedented scale in the context of the City Corporation's more recent capital plans. They therefore present a significant challenge to the finances of the organisation, requiring a step change in the previously debt-free status of both City Fund and City's Cash. The revenue impact of interest payable on external borrowing results in significant revenue pressures, together with the additional statutory City Fund requirement for a Minimum Revenue Provision towards the repayment of principal.

The final decision on progression of the major projects will be dependent on the identification of a sustainable funding strategy, with funding options to be considered during 2020/21.

28. Other significant schemes within the current capital programme include:

- Investment Property refurbishments
- Freeman's School Main House refurbishment
- Infrastructure improvements at the Old Bailey
- Social Housing Decent Homes refurbishments and new affordable housing units
- Decant Estate for City of London Police
- Various highways and public realm projects

29. New bids include:

- Cash flow financing for police, HRA and private school
- Critical end of life asset replacements (mainly building infrastructure and IT)
- Statutory compliance/health and safety projects
- Spend to save schemes with payback < 5 years
- Rough Sleeping initiatives
- 'Secure City' Infrastructure
- Public Realm improvements

30. Following the agreement of a new corporate target operating model, revised prioritisation criteria may follow to inform future resource allocation.

ASSET MANAGEMENT PLANNING

31. The overriding objective of asset management within the City Corporation is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable.

32. The City Corporation's property portfolio consists of both operational and investment property. The City has specific reasons for owning and retaining property:

- Operational purposes e.g. assets that support core business and service delivery such as schools, office buildings, The Barbican Arts Centre, Central Criminal Court, cleansing depot, cemetery and crematorium, port health offices, markets, Mansion House and open spaces across London.
- Investment properties held to provide a financial return to the City Corporation to provide financial support for service provision.
- Strategic investment to enable growth in the City fringe - the strategic property estate.

33. Asset management is an important part of the City Corporation's business management arrangements and is crucial to the delivery of efficient and effective services. The ongoing management and maintenance of operational property assets is considered as part of the Corporate Asset Management Strategy. The asset management planning includes an objective to optimise the City Corporation's operational estate.

34. The development of Asset Management Plans across the operational estate assists in delivering the asset management component of service department business plans. In so doing, these plans support the prioritisation of future capital requirements and incorporation of corporate objectives across the operational estate.
35. Asset Management Plans and the core processes necessary to draft and implement effectively across the Operational Estate have been substantially developed through the Asset Management Service Based Review (AM SBR). The revised processes, due to be approved on completion of the AM SBR in April 2020, will ensure the plans are better aligned with the respective Business Plan cycle. The processes also facilitate a detailed 'Asset Challenge' to ensure targeted investment in operational asset that are fit for purpose, allowing also for consideration of underutilised assets for alternative use and/or the potential of a capital receipt/income. Other outcomes from the AM SBR support improvements to financial sustainability, corporate policies and controls, data management, strategic asset management, delivering asset management related projects, compliance and operational property management.

COMMERCIAL ACTIVITY AND INVESTMENT PROPERTY

36. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both.
37. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth).
38. The combination of these is a consideration in assessing the attractiveness of a property for acquisition. In the context of the Capital Strategy, the City Corporation uses capital to invest in property to provide a positive surplus/financial return which is a key source of funding for the ongoing provision of services.
39. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. These risks are mitigated in part by the mixed lease structure of holdings with some properties directly managed with multiple lettings, some single lettings to tenants on fully repairing and insuring leases and some to tenants on geared ground rent leases where the City Corporation is guaranteed a minimum rent but also shares in the actual rent received over a certain threshold.
40. The property portfolio is overseen by Members through a dedicated Property Investment Board appointed by Investment Committee which meets on a monthly basis to receive reports on performance, set strategy, and agree major lettings, acquisitions and disposals.
41. Performance of each estate is benchmarked through MSCI against the overall MSCI Universe and against the MSCI "Greater London Properties including owner occupied" benchmark. The target set is to outperform the MSCI Return Benchmarks for Total Return on an annualised five-year basis. There is a

subsidiary target to maintain rental income levels and to endeavour to secure rental income growth at least in line with inflation.

42. The properties forming the Strategic Property Estate have been acquired for large scale redevelopment. They are part of the strategy of supporting growth in the business cluster in the City Fringes by providing high quality floor space and returns from these properties are focussed on capital appreciation through their redevelopment.
43. The Property Investment Board receives quarterly rent five year rental forecast reports and regular reports on the level of voids and debtor arrears. From time to time the Board also receives presentations, usually from major firms of surveyors, on the state of the UK and London property market and potential future trends.

REVENUE BUDGET IMPLICATIONS FROM CAPITAL INVESTMENT DECISIONS

44. Capital expenditure for the City Corporation is financed through a variety of sources, typically:
- Receipts from the sale of capital assets
 - Capital grants
 - External contributions such as S106 or Community Infrastructure Levy
 - The use of general reserves or from revenue budget contributions
 - Earmarked reserves set aside for specific purposes.
 - Surplus cash balances (internal borrowing)

Any capital expenditure not financed by the above will need to be funded by prudential borrowing which can be internal or external.

45. The City Corporation can utilise its temporary cash balances in lieu of external borrowing to fund capital expenditure. This is referred to as internal borrowing. External borrowing refers to loans from third parties e.g. banks or the Public Works Loans Board.
46. To date, the City Corporation has funded all of its capital expenditure from the sources listed above or through internal borrowing. Going forward the impact of the major projects means that external borrowing will be required.
47. In approving the inclusion of schemes and projects within the capital programme, the City Corporation ensures all of the capital and investment plans are affordable, prudent and sustainable. In doing so the City Corporation will take into account the arrangements for the repayment of debt, through a prudent Minimum Revenue Provision (MRP) policy in line with MRP guidance produced by the Ministry of Housing, Communities and Local Government.
48. The capital financing costs and any additional running costs arising from capital investment decisions are incorporated within the annual budget and medium term financial plans. This enables members to consider the consequences of capital investment alongside other competing priorities for revenue funding.

49. As part of the appraisal process, and at the discretion of the Chamberlain, the financing costs of prudential borrowing, may be charged to the relevant service.
50. Capital investment decision making is not only about ensuring that the initial allocation of capital funds meets corporate and service priorities but ensuring the asset is fully utilised, sustainable and affordable throughout its whole life. This overarching commitment to long term affordability is a key principle in any capital investment appraisal decision. In making its capital investment decisions the City Corporation must have explicit regard to consider all reasonable options available.
51. The revenue implications of the major projects are significant. The cost of borrowing must be charged to the relevant revenue budget whether this is on an interest-only or repayment basis. The long term nature of borrowing means these revenue sums are unavailable to fund other activity for a significant period of time. By agreeing to fund capital schemes through external borrowing, Members are agreeing to divert this funding away from revenue activity in order to meet their priorities.
52. The City Corporation must ensure that a MRP is set aside for all City Fund related borrowing. This is managed by borrowing on an annuity basis for long term borrowing which repays the capital and interest over the term of the borrowing. The MRP is aligned to the interest repaid over the term of the loan.

RISK MANAGEMENT

53. This section considers the City Corporation's risk appetite with regard to its capital investments and commercial activities, i.e. the amount of risk that the City Corporation is prepared to accept, tolerate, or be exposed to at any point in time. It is important to note that risk will always exist in some measure and cannot be removed in its entirety.
54. A risk review is an important aspect of the consideration of any proposed capital or investment proposal. The risks will be considered in line with the City Corporation's corporate risk management strategies. Subject to careful due diligence, the City Corporation will consider the appropriate level of risk for strategic initiatives, where there is a direct gain to the City Corporation's revenues or where there is Member appetite to deliver high profile projects.
55. The City Corporation maintains a Corporate Risk Register and priority will be given to schemes that mitigate an identified risk.
56. The gateway approval process has three approval tracks: Complex, Regular and Light, with varying levels of member scrutiny. The decision about which track a project should follow depends on the estimated cost and level of risk. Projects can move between tracks at any stage if it becomes evident that a project is more or less complex than originally anticipated.
57. Maintenance of a costed risk register to identify and keep under review the risks associated with projects is Corporation best practice and most projects comply. Costed risks are informed by previous experience of similar projects and other

factors, where relevant, such as the age of the asset, its size and its type. The risk register includes mitigations that will be taken to minimise the risk and a financial assessment of the likely cost should the mitigated risks crystallise. In addition, the costs of major projects include an element of optimism bias in line with HM Treasury guidance to mitigate the financial implication of delays and/or increased costs.

TREASURY MANAGEMENT

- 58. The capital strategy is integrated with its treasury management activity as the City Corporation's capital expenditure plans and its approach to financing that expenditure will drive the organisation's need for borrowing.
- 59. The Treasury Management Strategy Statement outlines how the City Corporation will carry out its treasury management activities. This statement is reviewed annually by the Court of Common Council. Treasury management activity is scrutinised by the Audit and Risk Management Committee.
- 60. The Treasury Management Strategy Statement outlines the organisation's borrowing strategy, which aims to make sure that sufficient cash is available to ensure the delivery of the City Corporation's capital programme as planned. Any borrowing decision will be undertaken in the context of managing interest rate exposure in order to contain the organisation's interest costs.
- 61. The City Corporation faces a number of key risks in terms of servicing its current and future debt requirement including interest rate risk, refinancing risk and liquidity risk. To control these risks, the City Corporation maintains treasury indicators which are set out in the Treasury Management Strategy Statement.

KNOWLEDGE AND SKILLS

- 62. The City Corporation has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
- 63. The City Corporation establishes project teams from all the professional disciplines from across the City Corporation as and when required. External professional advice is taken where required and will generally be sought in consideration of any major commercial property investment decision.
- 64. Within the Court of Common Council there are also a number of Members who have substantial professional expertise which assists when making crucial capital investment decisions. Some specialist committees, such as Property Investment Board, co-opt external members with specific expertise to further inform the decision making process.

BACKGROUND DOCUMENTS

Strategic Property Annual Update & Strategy for January 2020

City Fund Portfolio Update and Strategic Review January 2020

City's Estate Annual Strategy Review December 2019

Treasury Management Strategy Statement 2020/21

Corporate Property Asset Management Strategy

Corporate Project Procedure

City of London Corporate Plan

Corporate Risk Register

Annex A**CORE PRINCIPLES UNDERPINNING THE CAPITAL PROGRAMME**

In considering schemes for inclusion in the capital programme, regard will be had to the following principles:

- schemes to be included in the Capital Programme, in accordance with the Project Procedure, follow an appropriate level of due diligence and assurance regarding deliverability/practicable
- prior to mobilisation, all projects (except major projects) complete the gateway process which ensure they are affordable and sustainable. This includes careful consideration of value for money and options appraisal
- mobilisation of the major projects is subject to scrutiny of the Capital Buildings Committee.
- capital appraisal should promote schemes which provide a direct gain to the City Corporation's revenues within agreed risk appetite, e.g. commercial investment return, "invest to save" or "income generation" outcomes or attract external investment.
- environmental and social sustainability issues should be built into project appraisal
- the financial implications of capital investment decisions is considered at Gateway 4 and will be properly appraised as part of the determination process
- projects will not proceed to implementation unless full funding has been identified and approved as part of the Gateway process.
- available capital funding will be optimised e.g. through surplus asset disposal strategy and strategic investment disposals,
- maximising available capital resources through use of planning gain, corporately pooling capital receipts and by exploring external financing sources
- that capital funding decisions minimise or mitigate the ongoing revenue implications of capital investment decisions
- the financial implications of capital investment decisions should be fully integrated into revenue budget and longer term financial plans
- robust governance arrangements through the Corporate project procedure and other member oversight are in place for all programmes and projects, clearly defining responsibility for the delivery of individual schemes within the capital programme
- all capital schemes follow appropriate project management arrangements
- a Project Management Academy is being developed to ensure appropriate project management skills are applied
- there are effective working relationships with partners
- that projects are reviewed on completion to ensure key learning opportunities are maximised

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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 together with the allocation from the Business Rates Premium;
- (vi) to identify and achieve targeted/selective budget reductions and savings programmes;
- (vii) to continue to review critically all financing arrangements, criteria and provisions relating to existing and proposed capital and supplementary revenue project expenditures;
- (viii) 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;
- (ix) 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;
- (x) to finance capital projects first from disposal proceeds rather than revenue resources and supplementary revenue projects from provisions set aside within the financial forecast followed by external borrowing (if required) in an affordable, prudent and sustainable way; and
- (xi) to minimise the impact of rate/tax increases on City businesses and residents.

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Review of Contingency Funds

The following tables support the review of contingency funds within the City Corporation. They demonstrate that in each of the last four years the provision of funds has been sufficient to result in an uncommitted balance remaining.

Finance Committee Contingencies						
		City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Disaster Fund £'000	Total £'000
2019/20	Provision	950	800	50	100	1,900
	Provision brought forward	50	15	0	0	65
	Total Provision	1,000	815	50	100	1,965
	Less Allocations	(481)	(621)	0	(50)	(1,152)
	Uncommitted Balance 2019/20 @30/01/20	519	194	50	50	813
2018/19	Provision	950	800	50	100	1,900
	Provision brought forward	109	60	0	0	169
	Total Provision	1,059	860	50	100	2,069
	Less Allocations	(920)	(733)	(4)	(100)	(1,757)
	Uncommitted Balance	139	127	46	0	312
2017/18	Provision	950	800	50	100	1,900
	Provision brought forward	85	0	0	0	85
	Total Provision	1,035	800	50	100	1,985
	Allocations	(788)	(697)	(22)	(100)	(1,607)
	Uncommitted Balance	247	103	28	0	378
2016/17	Provision	950	800	50	100	1,900
	Provision brought forward	310	118	0	80	508
	Total Provision	1,260	918	50	180	2,408
	Allocations	(956)	(227)	(2)	(180)	(1,365)
	Uncommitted Balance	304	691	48	0	1,043

Policy Initiative Fund		
	City's Cash	
2019/20	Provision	1,250
	Provision brought forward for unspent provisions	105
	Provision brought forward for agreed allocations not yet completed	324
	Balance moved from P&R Contingency to cover multiyear allocations	100
	Total Provision	1,779
	Less allocations	(1,270)
	Uncommitted balance @ 23/01/20	509
2018/19	Provision	1,250
	Provision brought forward for unspent provisions	161
	Provision brought forward for agreed allocations not yet completed	174
	Total Provision	1,585
	Less allocations	(1,480)
	Uncommitted balance	105
2017/18	Provision	1,250
	Provision brought forward for unspent provisions	72
	Provision brought forward for agreed allocations not yet completed	38
	Allocation from P&R Contingency	200
	Total Provision	1,560
	Less allocations	(1,399)
	Uncommitted balance	161
2016/17	Provision	1,250
	Provision brought forward for unspent provisions	133
	Provision brought forward for agreed allocations not yet completed	136
	Total Provision	1,519
	Less allocations	(1,447)
	Uncommitted balance	72

Policy and Resources Contingency		
2019/20	City's Cash Provision	300
	Provision brought forward for unspent provisions	79
	Provision brought forward for agreed allocations not yet completed	302
	Balance moved to P&R Contingency to cover multiyear allocations	(100)
	Total Provision	581
	Less allocations	(347)
	Uncommitted balance @ 23/01/20	234
2018/19	Provision	300
	Provision brought forward for unspent provisions	18
	Provision brought forward for agreed allocations not yet completed	193
	Total Provision	511
	Less allocations	(432)
	Uncommitted balance	79
2017/18	Provision	300
	Provision brought forward for unspent provisions	152
	Provision brought forward for agreed allocations not yet completed	150
	Allocation to P&R Contingency	(200)
	Total Provision	402
	Less allocations	(384)
	Uncommitted balance	18
2016/17	Provision	300
	Provision brought forward for unspent provisions	124
	Provision brought forward for agreed allocations not yet completed	179
	Total Provision	603
	Less allocations	(451)
	Uncommitted balance	152

Brexit Contingency		
	City's Cash	
2019/20 @ 23/01/20	Extra provision provided by MHGL	105
	Provision brought forward for unspent provisions	2,017
	Provision brought forward for agreed allocations not yet completed	-
	Total Provision	2,122
	Less allocations	(88)
	Uncommitted balance @ 23/01/20	2,034
2018/19	Provision	2,000
	Extra provision provided by MHGL	105
	Provision brought forward for unspent provisions	-
	Provision brought forward for agreed allocations not yet completed	-
	Total Provision	2,105
	Less allocations	(88)
	Uncommitted balance	2,017

City Fund 2020/21 Budget Report and Medium-Term Financial Strategy including Non Domestic Rates and Council Taxes for the Year 2020/21

Resolution by the Court of Common Council

1. It is recommended that for the 2020/21 financial year the Court of Common Council approves:
 - the Premium multiplier on the Non-Domestic Rate and Small Business Rate multipliers be set at 0.008 (an increase of 0.002 on the present multiplier) 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;
 - an increase of 3.99% in the 'relevant basic amount' of Council Tax to £927.25 which includes a 2% increase for Adult Social Care for a Band D property (excluding the GLA precept);
 - the overall financial framework and the revised Medium-Term Financial Strategy for the City Fund; and
 - the City Fund Net Budget Requirement of £160,814,308

Council Tax

2. 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 2020/21 in accordance with Section 31B of the Local Government Finance Act 1992:
 - (a) 8,149.17 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)
86.51	62.11	8,000.55

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.

3. For the year 2020/21 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 £20,682,000 being the expenses incurred by the Common Council in performing in the area of the Common Council of the City of London the City highways, street cleansing, waste collection and disposal, road safety, drains and sewer functions.

4. That the following amounts be now calculated by the Common Council for the year 2020/21 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

- | | |
|--------------------|--|
| (a) £469,154,000 | 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) £461,597,682 | 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) 7,556,318 | Being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(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) £927.25 | Being the amount of 4(c) above, divided by the amount at 2(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) £21,066,193.09 | 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) £1,657.82 | Being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by the amount at 2(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)
£	£	£
927.25	927.25	927.25

being the amounts given by adding to the amount at 4(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 2(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 excluding Temples (special expense area)
	£	£	£
A	618.17	618.17	618.17
B	721.20	721.20	721.20
C	824.22	824.22	824.22
D	927.25	927.25	927.25
E	1,133.31	1,133.31	1,133.31
F	1,339.36	1,339.36	1,339.36
G	1,545.42	1,545.42	1,545.42
H	1,854.50	1,854.50	1,854.50

being the amounts given by multiplying the amounts at 4(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.

5. It be noted that for the year 2020/21 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:

Valuation Bands Precepting Authority

Greater London
Authority

	£
A	53.29
B	62.17
C	71.06
D	79.94
E	97.70
F	115.47
G	133.23
H	159.88

6. Having calculated the aggregate in each case of the amounts at 4(h) and 5 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 2020/21 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 excluding Temples (special expense)
	£	£	£
A	671.46	671.46	671.46
B	783.37	783.37	783.37
C	895.28	895.28	895.28
D	1,007.19	1,007.19	1,007.19
E	1,231.01	1,231.01	1,231.01
F	1,454.83	1,454.83	1,454.83
G	1,678.65	1,678.65	1,678.65
H	2,014.38	2,014.38	2,014.38

7. The Common Council of the City of London hereby determines that the following amounts of discount be awarded:
- i. 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 should be nil;
 - ii. 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: should be nil;
 - (b) in the case of a vacant dwelling that has been such for a continuous period of 6 months or more: should be nil;
 - iii. 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 should be nil;
 - iv. care leavers within the City up to the age of 25, under Section 13A(1)(c) of the Local Government Finance Act 1992 subject to liability considerations should be 100%; and
 - v. discretionary discounts up to 100% under Section 13A(1)(c) of the Local Government Finance Act 1992 to provide council tax support in exceptional circumstances as agreed by the Finance Committee at its meeting in November 2017.
8. The Common Council of the City of London determines that for 2020/21 a long-term empty property premium is levied under the provisions of Section 11B of the Local Government Finance Act 1992 at the maximum rate in accordance with legislation. (For 2020/21 this will result in an additional levy of 100% i.e. a council tax charge of 200% for applicable vacant dwellings empty over 2 years but empty less than 5 years. An additional levy of 200% i.e. a council tax charge of 300% will be applicable for dwellings empty over 5 years).
9. The Common Council of the City of London hereby determines that its relevant basic amount of council tax for 2020/21, 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 2020/21.

Council Tax Reduction (formerly Council Tax Benefit)

10. It be noted that at the Court of Common Council meeting in January 2017 Members approved the Council Tax Reduction Scheme for 2017/18 and future years to be the same as the scheme for 2016/17. There were no proposals to make any specific amendments to the Council Tax Reduction Scheme for that or future years, beyond keeping the scheme in line with Housing Benefit.

Effectively, therefore, the City's Local Council Tax Reduction Scheme for 2020/21 will remain the same as was administered in 2017/18, 2018/19 and 2019/20 subject to 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, 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.

Non Domestic Rates

11. 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 2020, a Non-Domestic Rating Multiplier of 0.520 and a Small Business Non-Domestic Rating Multiplier of 0.507 in accordance with Part II of the Schedule 7 of the said Act. (Both multipliers are inclusive of the City business rate premium of 0.008).
12. In addition, the levying by the Greater London Authority of a Business Rate Supplement in 2020/21 of 0.020 (i.e. 2.0p in the £) on hereditaments with a rateable value greater than £70,000, to finance its contribution to Crossrail, be noted.
13. 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 2020/21

Having considered the circulated report, we further recommend that the Court passes a resolution in the following terms: -

14. The City Fund capital budget is approved, and its final financing be determined by the Chamberlain, apart from in regard to any possible borrowing options.
15. For the purpose of Section 3(1) of the Local Government Act 2003, for the financial years 2020/21 to 2022/23, the Court of Common Council hereby determines that at this stage the amount of money (referred to as the "Authorised Limit"), which is the maximum amount which the City may have outstanding by way of external borrowing, shall be £455,339,000.
16. For the purpose of Section 21(A) of the Local Government Act 2003, for the financial year 2020/21, the Court of Common Council hereby determines that the prudent amount of Minimum Revenue Provision is £979,000 using the asset life method over the useful economic life of the relevant assets and which equals the amount of deferred income released from the premiums received for the sale of long leases in accordance with the Minimum Revenue Provision Policy at Appendix F.
17. Any potential external borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
18. The Chamberlain be authorised to lend surplus monies on the basis set out in the Annual Investment Strategy, with an absolute limit of £500m for maturities in excess of 365 days.
19. The following Prudential Indicators be set:

	2019/20	2020/21	2021/22
Estimates of the ratio of financing costs to net revenue stream:			
HRA	0.66	0.43	0.46
Non-HRA	(0.41)	(0.42)	(0.36)
Total	(0.39)	(0.41)	(0.35)
Estimates of Capital Expenditure & External Debt	£m	£m	£m
HRA	16.219	48.741	44.510
Non-HRA	74.824	102.026	288.742
Total	91.043	150.767	333.252
Estimates of Capital Financing Requirement – underlying need to borrow	£m	£m	£m
HRA	0.000	22.000	26.560
Non-HRA	38.355	56.458	225.897
Total	38.355	78.458	252.457
Gross Debt	Period 2019/20 to 2022/23 £m 153.200		
Capital Financing Requirement – underlying need to borrow	355.339		

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

TREASURY MANAGEMENT INDICATORS	2018/19	2019/20	2020/21	2021/22	2022/23
	actual	probable outturn	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt -					
Borrowing	143,592	138,355	178,458	338,921	441,920
other long-term liabilities	13,888	13,770	13,653	13,536	13,419
TOTAL	157,480	152,125	192,111	352,457	455,339
Operational Boundary for external debt -					
Borrowing	43,592	38,355	78,458	238,921	341,920
other long-term liabilities	13,888	13,770	13,653	13,536	13,419
TOTAL	57,480	52,125	92,111	252,457	355,339

TREASURY MANAGEMENT INDICATORS	2018/19	2019/20	2020/21	2021/22	2022/23
Actual external debt*	£0	£0	-	-	-
Upper limit for total principal sums invested for over 365 days (per maturity date)	£300m	£300m	£500m	£500m	£500m

Maturity structure of borrowing during 2020/21	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

Local Indicator focusing on revenue reserves:

	2019/20	2020/21	2021/22	2022/23
Times cover on unencumbered revenue reserves	(1.8)	6.2	5.0	2.6
<i>At this time last year</i>	<i>(3.8)</i>	<i>0.1</i>	<i>N/a</i>	<i>-</i>

Other Recommendations

20. The Treasury Management Strategy Statement and Annual Investment Strategy 2020/21 are endorsed.
21. The Chamberlain's assessment of the robustness of budgets and the adequacy of reserves and contingencies is endorsed.

Report – Finance Committee

Revenue and Capital Budgets 2019/20 and 2020/21: City's Cash and Bridge House Estates

To be presented on Thursday, 5th March 2020

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

SUMMARY

This report should be read in conjunction with the separate report on your agenda entitled 'City Fund - 2020/21 Budget Report and Medium-Term Financial Strategy'. This report covers the 2020/21 Budget and financial outlook for City's Cash and Bridge House Estates.

Looking at the forecasts for the individual funds:

City's Cash: the increased funding requirement flowing from the adoption of a major projects programme, in addition to pressures across a range of existing revenue and capital budgets, mean that deficits are forecast across the medium-term planning horizon. In 2020/21, we will, as a one-off measure, draw down on our reserves, to bring the fund into balance. This measure is sustainable in the short term, but not in the longer 10-year horizon when the financing costs on the major projects increase.

In view of the ongoing challenging position, the City of London commenced a Fundamental Review in 2019/20 to ensure that budgets are fully aligned with and support our Corporate Plan objectives, and, that finances are put on to a sustainable footing over the medium-term. Reasonable progress has been made and will continue during 2020/21.

This report recommends a number of measures to stabilise the position in 2020/21 and steps that will need to be taken over the medium-term, including the further work on options put forward in the fundamental review and containment of the costs of major projects and other programmes.

The longer-term picture is challenging; on the major projects, Members will want to consider options likely to include:

- Phasing of the three major projects;
- Joint ventures on the commercial elements of the projects to bring in external capital; and
- Considering current fund classifications for each project.

The 10-year financing strategy is being updated for consideration at the April Finance Committee.

Bridge House Estates is in a strong position with healthy surpluses across the medium-term. Members are asked to consider a resource request for £25m further

charitable funding in the three years from 2020/21, which would underpin the celebration of 25 years of City Bridge Trust (CBT). If this request is approved, an additional draw down on reserves is required across the medium-term to finance it, which is sustainable.

Guildhall Administration: the report also summarises the budgets for central support services within Guildhall Administration (which currently 'holds' such costs before these are wholly recovered). Consequently, after recovery of costs, the net expenditure on Guildhall Administration is nil.

The 2020/21 Summary Budget Book accompanies this report and will be available on the *Members' Committees and Papers* section of the City Corporation's website. Copies will also be available in the Members' Reading Room and copies can be requested from julie.smith@cityoflondon.gov.uk

RECOMMENDATION(S)

Members are asked to:

1. Note the latest revenue budgets for 2019/20 (paragraphs 19 and 26).
2. Agree the 2020/21 revenue budgets, including the following measure;
 - City's Cash: Efficiency Savings: Maintain the 2% efficiency saving across all Corporation departments, which together with a pay and inflation uplift of 2%, subject to the outcome of the Pay Review, would result in flat cash budgets (paragraph 2).
3. City's Cash: approve additional resource requests for City's Cash of £0.7m (paragraph 16).
4. Bridge House Estates: approve;
 - a. a resource request for £25m further charitable funding in the three years from 2020 to underpin the celebration of 25 years of CBT (paragraph 17).
 - b. additional funding of £0.17m for an enhanced Charities Team (paragraph 18).
5. Approve the 2020/21 Capital and Supplementary Revenue Project Budgets for City's Cash and Bridge House Estates amounting to £27.2m and £7.1m, respectively (paragraph 33).
6. Approve the allocation of central funding of up to £18.6m for City's Cash and £0.9m for Bridge House Estates to meet the cost of the 2020/21 new bids, together with central funding of up to £3.5m for the remaining City's Cash projects previously agreed for progression outside of the fundamental review. Release of such funding being subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub-Committee at Gateway 4(a) (paragraph 35).

7. Approve the allocation of central funding to provide an internal loan facility of up to £10.6m for the City of London School to progress its masterplan – release of such funding being subject to approval at the relevant gateway and separate approval of the loan terms and conditions(paragraph 36).
8. Delegate authority to the Chamberlain to determine the final financing of capital and supplementary revenue project expenditure.

MAIN REPORT

Background

1. The primary purpose of this report is to summarise the latest budgets for 2019/20 and the proposed budgets for 2020/21 for City's Cash and Bridge House Estates, which have all been prepared within agreed policy guidelines and allocations, for submission to the Court of Common Council in March.
2. During the autumn/winter cycle of meetings each Committee has received and approved a budget report which, except for Guildhall School of Music and Drama and Bridge House Estates, has been prepared based on the planning framework for Chief Officers which included:
 - A reduction in resource base of 2% to deliver the previously approved Efficiency and Sustainability plan, which together with a pay and prices uplift of 2%, subject to the outcome of the Pay Review, results in flat cash baselines.
 - Fundamental Review Proposals.
 - Cyclical Works Programme budgets were excluded from the 2% reduction.
3. For Bridge House Estates, the budget strategy remains to generate a surplus of income over and above the funding required for the ongoing maintenance and support of the five bridges, to sustain the charitable funding programme delivered by CBT under the 'Bridging Divides' policy.
4. Accompanying this report is the Summary Budget Book 2020/21 which will be available on the *Members' Committees and Papers* section of the City Corporation's website. Copies will also be available in the Members' Reading Room and copies can be requested from Julie.smith@cityoflondon.gov.uk. The Summary Budget Book provides:
 - all the budgets at a summary level in a single document;
 - service overviews - a narrative of the services for which each Chief Officer is responsible;
 - Chief Officer summaries - the net revenue expenditure by division of service, fund, type of expenditure and income;
 - Fund summaries showing the net revenue requirement for each Fund supported by Committee summaries showing the net requirement for each Committee within the Fund.

Overall Financial Strategy

5. The City of London Corporation's overall financial strategy seeks to:
 - maintain and enhance the financial strength of the City 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;
 - create a stable framework for budgeting through effective financial planning; and
 - promote investment in capital projects which bring clear economic, policy, or service benefits.
6. The medium-term financial strategies and budget policies for City's Cash and Bridge House Estates are set out in Appendix 1. City Fund's medium-term financial strategy is included in the separate the City Fund report.

Current Position

Progress with the Fundamental Review

7. The Fundamental Review has now identified opportunities to increase income and make savings in 2020/21 which do not affect front line services. Finance Committee approved the proposal to balance the budget for 2020/21, by pursuing income proposals of £19.5m, savings/ resource reductions of £8.8m, and a £6.7m draw on reserves. Policy and Resources Committee approved, in November, a package of proposals; and adjustments have been made to departmental local risk budgets for 2020/21, effectively creating a resource limit for each department and relevant service committee. The adjustments are in addition to the current 2% efficiency requirement already included within the MTFP.
8. The proposals identified to date do not have a large impact on the financial gap in 2020/21, but they reduce the gap over time. However, a substantial proportion (25%) of the proposals are income generation, achievement of which is far less certain than cost savings and, therefore, represent a risk to the sustainability of the medium-term financial plan.

Latest forecast position

9. The financial overview across the medium-term planning horizon is shown in table 1 below:

TABLE 1**CITY'S CASH**

Surplus/(Deficit)	2019/20	2020/21	2021/22	2022/23	2023/24
	£m				
(Deficit)/ Surplus with planned equity drawdown	(16.9)	(9.1)	(5.0)	4.3	7.2
Major Project Financing	(3.8)	(5.9)	(9.4)	(12.7)	(13.1)
City's Cash combined deficit	(20.7)	(15.0)	(14.4)	(8.4)	(5.9)

BRIDGE HOUSE ESTATES

Surplus/(Deficit)	2019/20	2020/21	2021/22	2022/23	2023/24
	£m				
(Deficit)/ Surplus with planned equity drawdown	29.0	24.9	25.8	26.1	28.0
Charitable Giving	(26.2)	(27.4)	(28.3)	(28.3)	(26.0)
BHE combined (deficit) surplus	2.8	(2.5)	(2.5)	(2.2)	2.0

10. Although City's Cash income streams are stable, we are already drawing down on recent balance sheet growth to support the revenue position. In the immediate short-term, the financial position is more benign, with savings identified from the Fundamental Review closing the gap by 2023/24, but the longer-term view is problematic, particularly if the City's Cash potential major projects (Markets Consolidation, Centre for Music) start to ramp up. The medium-term financial budget position will, therefore, become increasingly challenging.
11. Over the period the cumulative draw down on equities is £184m when typically, we would have drawn down £115m over the period. This represents a diminution of £69m of the net asset balance on the balance sheet over the period. Given the growth in City's Cash Reserves of £600m over the last five years, this is sustainable in the short term.

A Strategic Response to Match the Scale of the Challenges for City's Cash

12. Before addressing the immediate pressures in 2020/21, it is important to respond to the scale of the medium-term challenge for City's Cash and to take the steps now to ensure that we can take a strategic and prioritised response to the big challenges that we expect to emerge in the longer term.
13. This requires action on both revenue, through continuation of the Fundamental Review, and capital budgets. On the major projects, Members will want to consider options, likely to include:
- Phasing of the three major projects;
 - Joint ventures on the commercial elements of the projects to bring in external capital; and
 - Considering current fund classifications for each project.

14. The 10-year financing strategy for major project is being recast and will be reported to Finance Committee in April to consider the financing options, including an optimum balance between borrowing and asset disposal.

Additional Revenue Requests

15. Policy and Resources Committee and Finance Committee have communicated clearly over the last six months that requests for additional resources will only be considered in exceptional circumstances. Consequently, requests for additional funding are restricted to new Policy initiatives or essential schemes.
16. City's Cash requests total £0.7m per annum across the period for improved project management and a consolidated freight project. Although City's Cash is already drawing down on the growth in the balance sheet, before the impact of these funding pressures, the additional funding request is minimal. There may be a further request for funding in the near future for Centre for Music project team and the likely sums have been built into the forecast.
17. For Bridge House Estates a resource request for £25m additional charitable funding in the three years from 2020/21 would underpin the celebration of 25 years of CBT. If this request is approved, an additional draw down on reserves of £2.3m is required across the medium term to finance it, which is sustainable.
18. Also for Bridge House Estates, an additional resource request of £0.17m is requested for the Charities Finance Team so that it can drive forward the effective and appropriate use of all charitable assets held by the City Corporation to maximise the impact of these on behalf of the Trustee. This request links to the request to approve an additional allocation of £25m, to be distributed under the funding policy of Bridge House Estates (BHE), which will require an increase in the due diligence of activities being undertaken.

CITY'S CASH

19. The 2019/20 and 2020/21 budgets for City's Cash are set out below. They have been prepared within the planning frameworks agreed by the Resource Allocation Sub-Committee shown at Appendix 1.

City's Cash Summary			
	2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
Gross Revenue Expenditure	(238.9)	(231.1)	(228.3)
Gross Revenue Income	182.6	187.4	190.2
Operating (Deficit) Surplus funded by drawdown	(56.3)	(43.7)	(38.1)

20. City's Cash net expenditure is £12.6m lower comparing the latest 2019/20 budget with the original budget. The gross expenditure in each of the two years, 2019/20 and 2020/21, above excludes the £25m Crossrail contribution which has been moved to later years. Other main movements comprise carry forwards of £4.7m; increased Supplementary Revenue Programme and Cyclical Works expenditure of £3.4m; £1.1m to fund costs in relation to the Bridging Facility and Private Placement; and the interest payments on the loan facility of £3.8m; offset in part by revised rental income from investment properties of £2.0m.
21. The budget for 2020/21 reduces by a further £5.6m when comparing the 2020/21 Original budget to the 2019-20 Latest. After removal of one-off items for carry forwards and the Bridging Facility and Private Placement costs, results in an increase of £0.1m which relates to the approved reductions from the Fundamental Review of £2m, offset by an increase of £2.1m in interest payments.
22. The net positions for 2019/20 and 2020/21 are summarised by Committee in Appendix 2. Reserves are available to meet the estimated deficit in the current year and in 2020/21.

BRIDGE HOUSE ESTATES

Overall Budget Position

23. The Bridge House Estates outturn position in the current year is expected to be a surplus of £2.8m compared to a balanced original budget. This is mainly due to increased rental income from investment properties.
24. The budget for 2020/21 includes a reduction in rental income from investment property and a further £3m grant commitment to The Prince's Trust.
25. The primary purpose of the charity is to ensure the bridges are maintained and supported appropriately. The current budget includes a total commitment of £100m from 2018/19 across the following 5-year period to fund the ancillary purpose of charitable funding, as delivered by CBT under the 'Bridging Divides' policy. Regarding future years of the financial forecast, Bridge House Estates has a small draw down requirement, although as the increased costs are largely due to reduced investment income budgets to reflect actual returns received in previous years.
26. The budgets have been prepared in accordance with the budget policy set out in Appendix 1 and the requirements for 2019/20 and 2020/21 are summarised in the table below:

Bridge House Estates Summary			
	2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
Gross Expenditure	(54.7)	(56.1)	(56.5)
Gross Income	38.4	43.3	38.4
Operating (Deficit) Surplus funded by drawdown	(16.3)	(12.8)	(18.1)

27. Appendix 3 shows the budgets by committee.

GUILDHALL ADMINISTRATION

Overall Budget Position

28. 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 Summary			
	2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
Gross Expenditure	(74.0)	(74.2)	(74.9)
Gross Income	74.0	74.2	74.9
Operating (Deficit) Surplus	0	0	0

29. The gross expenditure for Guildhall Administration is recovered across all funds. Increased costs in 2019/20 arose from carry forward requests.

30. The 2020/21 budget includes an increase of £1m for insurance costs.

31. Appendix 4 shows the budgets by committee.

Capital and Supplementary Revenue Project Forecast Expenditure and Funding

32. The City of London has a significant programme of property investments, works to improve the operational property estate and major capital projects to benefit wider London. The total anticipated capital and supplementary revenue expenditure, including forecasts against approved budgets and the indicative cost of schemes awaiting approval is as follows:

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Later Years £m	Total £m
City's Cash	51.5	195.5	191.1	209.3	61.9	773.8	1,483.1
BHE	49.9	57.3	39.5	20.2	0	0	166.9
	101.4	252.8	230.6	229.5	61.9	773.8	1,650.0

This can be further analysed as follows:

	City's Cash £m	Bridge House Estates £m	Total £m
Major Projects	1,258.9	0	1,258.9
Capital Programme	195.0	166.0	361.0
New Bids incl loans	29.2	0.9	30.1
	1,483.1	166.9	1650.0

33. The City's Cash and Bridge House Estates capital and supplementary revenue project budgets are being submitted to the Court of Common Council in March as part of the Summary Budget Book. They comprise forecasts of expenditure against budgets which have been approved to spend in accordance with the relevant governance arrangements e.g. corporate projects procedure, Capital Buildings Committee approvals etc. The latest forecasts of City's Cash and Bridge House Estates 2020/21 capital and supplementary revenue project expenditure against approved budgets (included within the figures in the table above) amount to £27.2m and £7.1m respectively. This excludes the indicative costs of schemes awaiting approval.
34. In order to ensure future capital expenditure is aligned to key priorities an annual bid process was introduced for all potential schemes commencing 2020/21. The City Corporation's Resource Allocation Sub-Committee has carried out a robust review of all service capital bids and agreed those bids to be prioritised.
35. Central funding of up to £18.6m for City's Cash and £0.9m for Bridge House Estates to meet the cost of the 2020/21 new bids, together with central funding of up to £3.5m for the remaining City's Cash projects previously agreed for progression outside of the fundamental review, is now requested. Release of such funding will be subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub-Committee at Gateway 4(a).
36. In addition, approval to the allocation of central funding to provide an internal loan facility of up to £10.6m for the City of London School to progress its masterplan is also requested – release of such funding also being subject to approval at the relevant gateway and separate approval of the loan terms and conditions.
37. The financing of the City's Cash and Bridge Houses Estates capital and supplementary revenue projects programmes needs to reflect the optimum reserves position of each fund. Therefore, approval is sought for authority to be delegated to the Chamberlain to determine the *final* financing of capital and supplementary revenue project expenditure.

Risk

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

Within the City's control:

- Delivery of income generation schemes under the Fundamental Review.

Outside the City's control:

- For the Guildhall School of Music and Drama (GSMD), the £4m grant in place from August 2016 comes to an end in August 2020 and is currently being reviewed by the Institution Specific Funding Office for Schools. If this grant does not continue there will be a shortfall in funding for the GSMD.
- Brexit affecting the rental income from our commercial property as a result of increased voids.

Conclusion

39. For City's Cash, the increased funding requirement flowing from the adoption of the major projects programme, in addition to pressures across a range of existing revenue and capital budgets, mean that deficits are forecast across the medium-term planning horizon. In 2020/21, we will, as a one-off measure, draw down on our reserves, to bring the fund into balance. This measure is sustainable in the short term, but not in the longer 10-year horizon when the financing costs on the major projects increase.
40. Bridge House Estates is in a strong position with healthy surpluses across the medium-term. If Members approve a resource request for £25m further charitable funding in the three years from 2020/21 for CBT, an additional draw down on reserves is required across the medium-term to finance it, which is sustainable.

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

DATED this 18th day of February 2020.

SIGNED on behalf of the Committee.

Jeremy Paul Mayhew
Chairman, Finance Committee

Appendices

- Appendix 1 - Medium Term Financial Strategy/Budget Policy
- Appendix 2 - City's Cash Budget
- Appendix 3 - Bridge House Estates Budget
- Appendix 4 - Guildhall Administration Budget

Medium Term Financial Strategy/Budget Policy

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 income allocated to charitable funding; 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.

CITY'S CASH

City's Cash 2019/20 and 2020/21 budgets shown by Committee in the table below:

City's Cash Summary by Committee	2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
<i>Net (Expenditure) Income</i>			
Culture, Heritage & Libraries	(0.1)	(0.7)	(0.6)
Education Board	(2.6)	(3.0)	(2.8)
Finance	(52.7)	(28.9)	(28.3)
G. P. Committee of Aldermen	(3.9)	(4.3)	(4.1)
Guildhall School of Music and Drama	(12.2)	(13.4)	(12.9)
Markets	(0.1)	(1.0)	(0.6)
Open Spaces:-			
Open Spaces Directorate	0.0	0.0	0.0
Epping Forest and Commons	(7.6)	(9.4)	(8.6)
Hampstead, Queen's Park, Highgate			
Wood	(7.9)	(8.8)	(7.7)
Bunhill Fields	(0.2)	(0.3)	(0.5)
West Ham Park	(1.3)	(1.4)	(1.3)
Policy and Resources	(14.8)	(21.1)	(17.8)
Property Investment Board	51.5	53.0	51.6
Schools :-			
City of London School (1)	(1.7)	(1.8)	(1.9)
City of London Freeman's School			
(1)	(1.8)	(1.8)	(1.8)
City of London School for Girls (1)	(0.9)	(0.8)	(0.8)
(Deficit) Surplus (from) to reserves	(56.3)	(43.7)	(38.1)

1. Shows City Support rather than net expenditure by the schools.

1. 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 deficits or surpluses 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 2019/20 and 2020/21					
		2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m	Para. No.
1	Net expenditure on services	(111.1)	(97.1)	(93.7)	
2	Cyclical Works Programme and SRP's	(9.5)	(12.8)	(8.7)	
3	Estate rent income	59.6	61.2	59.3	
4	Non-property investment income	2.3	2.6	2.6	
5	Interest on balances	0.3	0.3	0.3	
6	Operating Deficit (Surplus)	(58.4)	(45.8)	(40.2)	
7	Profit on asset sales/deferred income	2.1	2.1	2.1	
8	(Deficit) Surplus funded by drawdown	(56.3)	(43.7)	(38.1)	

2. The City's Cash position in the current year is expected to be a deficit of £43.7m compared to £56.3m in the original budget, the main variance being the payment of £25m for Crossrail being moved to later years. The deficit will be funded with a drawdown of investments.

BRIDGE HOUSE ESTATES

Bridge House Estates 2019/20 and 2020/21 budgets shown by Committee in the table below:

Bridge House Estates Summary by Committee Net Expenditure (Income)	2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
The City Bridge Trust	(23.3)	(25.4)	(30.1)
Culture, Heritage and Libraries	0.6	0.7	0.6
Finance	(5.6)	(7.9)	(4.3)
Planning and Transportation	(5.0)	(3.9)	(4.0)
Property Investment Board	17.0	23.9	19.5
(Deficit) Surplus (from) to reserves	(16.3)	(12.6)	(18.3)

Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

- The following table further analyses the budget to indicate:
 - the income produced from the charity's assets (investment property rent income, non-property investment income and interest on balances at lines 2 to 4 respectively); and
 - the budget for charitable funding (line 7).

Bridge House Estates Requirements 2019/20 and 2020/2021					
		2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m	Para. No.
1	Net expenditure on services	(23.3)	(18.7)	(18.4)	
2	Estate rent income	23.5	29.1	24.6	
3	Non-property investment income	4.7	3.0	3.0	
4	Interest on balances	0.1	0.1	0.1	
5	Revenue surplus	5.1	13.5	9.3	
6	Charitable funding	(21.3)	(26.2)	(27.4)	
7	(Deficit) Surplus funded by drawdown	(16.3)	(12.8)	(18.1)	

Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

- The Bridge House Estates position in the current year is expected to be a surplus of £13.5m compared to a surplus of £5.1m in the original budget before charitable grants.
- For 2019/20 and 2020/21, the Bridge House Estates budget will be funded by a drawdown on reserves after charitable funding; and this continues across the planning horizon.

GUILDHALL ADMINISTRATION

1. Shown by Committee is the table below:

Guildhall Administration by Committee Net (Expenditure)	2019/20 Original £m	2019/20 Latest £m	2020/21 Original £m
Establishment - Town Clerk & C&CS	(12.6)	(9.9)	(9.6)
Finance - Chamberlain	(38.4)	(39.8)	(39.0)
Finance - City Surveyor, Remembrancer and Town Clerk	(23.0)	(24.5)	(26.3)
Total Net Expenditure	(74.0)	(74.2)	(74.9)
Recovery of Costs	74.0	74.2	74.9
Total Guildhall Administration	0	0	0

1. *Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.*

The net expenditure for 2020/21 is £74.9m, an increase of £0.9m from the 2019/20 original budget.

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Report – Policy and Resources Committee

Public Space Protection Order – London Marathon Related Disorder

To be presented on Thursday, 5th March 2020

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

SUMMARY

Section 59 of the Anti-social Behaviour, Crime and Policing Act 2014 provides local authorities with the power to make Public Spaces Protection Orders (PSPOs). PSPOs are intended to deal with a particular nuisance or problem in a specific area that is detrimental to the local community's quality of life, by imposing certain conditions or prohibitions.

In recent years, problems have arisen in the City in relation to visitors during the day of the London Marathon, with notable amounts of anti-social behaviour and violent disorder. Despite significant efforts to address this through other means, the problems have remained and, consequently, following a request from the City of London Police the Safer City Partnership (the Community Safety Partnership for the City of London) began the process of seeking a PSPO for an area encompassing the London Marathon route in the City, to be active only for the day of that event.

The PSPO would provide the City Police with additional powers to prevent public drinking and intoxication in specific areas, by refusing entry to designated areas to those carrying alcohol or nitrous oxide, or by confiscation of these within the area.

Following the approval by your Policy & Resources Committee of the proposal to seek a PSPO in November 2019, a process of public consultation was undertaken, through which no significant objections were expressed. The Court of Common Council is now recommended to authorise the making of a PSPO in accordance with Section 59 of the Anti-social Behaviour, Crime and Policing Act 2014, on the day of the London Marathon along the route of that event, as set out in Appendices 1 and 2.

RECOMMENDATIONS

The Court of Common Council is recommended to approve the making of a PSPO as set out in Appendix 1 to the report, in accordance with Section 59 of the Anti-social Behaviour, Crime and Policing Act 2014, along the route of the London Marathon as shown in Appendix 2.

MAIN REPORT

Background

1. The London Marathon is a long-distance running event held in London, part of the World Marathon Majors. The event takes place in spring every year and part of the route is through the City of London.
2. Problems with visitors during the day of the event have arisen over several years in the locality around Trinity Square, EC3. The primary issue is related to large groups of young adults consuming alcohol and drugs (in particular nitrous oxide), while the London Marathon is taking place. This has contributed to considerable anti-social behaviour (ASB) and violent disorder.
3. Significant work has been undertaken with local venues to ensure they are not contributing to the problems. In addition, the City of London Police and Corporation of London staff have worked in partnership to tackle the problems. This has included the deployment of specialist public order assets, liaising with London Marathon organisers to move and change the music provision and the use of crowd control barriers. Despite these efforts, the last two years have still seen considerable public disorder.
4. The core issue are groups of young adults seeing the Marathon as an opportunity to congregate in large numbers to drink alcohol and use drugs, (notably nitrous oxide). As the day progresses, levels of intoxication, ASB and disorder increases. The area impacted is close to Fenchurch Street mainline and Tower Hill underground, which are the main transit points used by these groups to enter the City.
5. Following issues experienced in previous years and working in conjunction with the London Marathon management team and City of London Corporation staff, significant changes were made in 2019 including:
 - Replacing the rock band at Byward Street EC3 with a brass band
 - Cancelling the DJ next to All Hallows Church
 - Increasing barrier plan outside the Liberty Bounds Public House
 - Deploying specially trained Public Order Officers to the area
 - Using the Section 35 Dispersal Order
 - Installing a Police CCTV van in the area
 - Deploying Police horses
 - Ensuring there is no street drinking in Trinity Gardens by using local authority Enforcement Officers from Tower Hamlets
 - Requesting local licensed premises have additional security on duty
6. Despite these mitigating actions, there was still high level ASB and disorder in the area of Great Tower Street EC3, with approximately 500 highly intoxicated young adults present (consuming alcohol and nitrous oxide). These individuals had no vested interest in the London Marathon and made the area, in the

words of the City of London Police, *"a 'no-go' area for members of the public"* who wanted to watch and enjoy the London Marathon.

7. As the day progressed, the atmosphere became increasingly hostile and eventually resulted in arrests for violent disorder, grievous bodily harm and possession of class A drugs. While assisting in an arrest one of the Police horses fell, trapping the mounted officer under the horse, resulting in the officer receiving a broken ankle.
8. Seasoned Public Order Officers assigned to the event, who are used to dealing with high levels of disorder, were taken aback with the level of disorder and how quickly the situation escalated. Despite having 20 Public Order Officers available in the area, another 40 officers were required to deal with the problems. In total, over 100 City of London Police Officers were deployed to this relatively small geographical area to contain the situation.

Neighbouring Boroughs

9. As the legislation concerning Designated Public Place Orders (DPPO) became redundant with the introduction of the Anti-Social Behaviour Crime and Policing Act (2014), the London Boroughs of Tower Hamlets and Southwark DPPOs were converted into PSPOs, which specifically controls the consumption of alcohol in a public place.
10. The PSPOs in Tower Hamlets and Southwark grant the Police in these boroughs additional powers to confiscate alcohol and other substances associated with ASB. This power also extends to Tower Hamlets Enforcement Officers (as *"authorised persons"*), who patrol Trinity Gardens on the day of the London Marathon.

Public and Reputational Impact

11. The large groups who congregate in Trinity Square and its vicinity create a hostile environment and are often verbally abusive towards those competing in the London Marathon as well as other spectators. Given the nature of the London Marathon as a charitable and family friendly event, this behaviour is clearly unacceptable. The reputation of the event and the City of London Corporation is put at risk by this level of anti-social and threatening behaviour.

Legislation and local authorities' duty

12. Section 59 of the Anti-social Behaviour, Crime and Policing Act (2014) gives power to a local authority to make a PSPO if satisfied on reasonable grounds that two conditions are met:
 - I. that *"activities carried on in a public place within the authority's area have had a detrimental effect on the quality of life of those in the locality, or it is likely that activities will be carried on in a public place within that area and that they will have such an effect"*
 - II. that *"the effect, or likely effect, of the activities (a) is, or is likely to be, of a persistent or continuing nature, (b) is, or is likely to be, such as to*

make the activities unreasonable, and (c) justifies the restrictions imposed by the notice".

13. It is for local authorities to identify behaviours which cause “*detrimental effect on quality of life*” in their particular area, and to decide who is “*in the locality*” for the purpose of protection from such activities. There is no basis upon which to artificially limit the words used in the statute to consideration of 'regular' or 'repeated' visitors. Instead, local authorities are restricted in making their PSPOs by reference to the second condition imposed: they must show that the effect of the activities on visitors 'is, or is likely to be, of a persistent and continuing nature' before a PSPO will be justified.

Proposals

14. The City of London Police have requested that the City of London Corporation seek to obtain a PSPO to help address this recurring problem. This would allow them additional powers to prevent public drinking and intoxication in specific areas, by refusing entry to designated areas to those carrying alcohol or nitrous oxide, or by confiscation of these by those within the area. The wording of the proposed PSPO is set out at Appendix 1.
15. The PSPO would allow the Police to confiscate alcohol and nitrous oxide from individuals. However, the decision to do so would be based on the judgement of Police Officers and taking into consideration individual circumstances. The intention is for the PSPO to apply only on the day of the Marathon and in the geographic area most impacted by the race, as set out in Appendix 2.

Consultation

16. The Safer City Partnership (the Community Safety Partnership for the City of London) has presented the proposal to the Licensing Committee, Police Authority Board, Streets & Walkways Sub-Committee, Planning & Transportation Committee and Port Health & Environmental Services Committee, as well as having consulted with relevant stakeholders and those who live and work in the area.
17. There were 32 total responses to the consultation, of which, 16 indicated they had been affected by ASB on the day of the Marathon. Of the respondents, 21 strongly agreed with the proposal, 6 agreed, 3 disagreed, and 2 strongly disagreed, resulting in 27 in favour to 5 against.
18. Of those who disagreed or strongly disagreed, one indicated that they did so because they felt that all the pubs in the area should be closed, while another wanted the timing of the PSPO to be limited to the road closures and it only to be targeted at large groups.

Conclusion

19. A PSPO in place along the London Marathon route for just one day a year should help reduce the ASB, crime and disorder repeatedly experienced in the Trinity Square locality. It would demonstrate that we are taking steps to safeguard the public from ASB, protect this important global event and make the most effective use of Police resources.

Appendices

- Appendix 1: Proposed PSPO Wording
- Appendix 2: Maps highlighting the proposed PSPO area

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

DATED this 7th day of February 2020.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chair, Policy and Resources Committee

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SECTION 59 ANTI-SOCIAL BEHAVIOUR AND POLICING ACT 2014

PUBLIC SPACES PROTECTION ORDER

The Mayor and Commonalty and Citizens of the City of London ("the City") being satisfied that the conditions as set out in section 59(2) and (3) of the Anti-social Behaviour, Crime and Policing Act 2014 ("the Act") are met hereby makes the following order :

1. This order shall be cited as...City of London Marathon Protection Space Protection Order.
2. This order shall come into force on..... and shall remain in place for a period of three years unless extended by further orders.
3. The prohibitions contained in this order shall only apply between the hours of 00.01 to 23.59 on the day of the London Marathon.
4. This order applies to the streets, highways and public spaces detailed in Schedule 1 to this Order and shown delineated by a red line on the plan contained in Schedule 2 to this order hereinafter referred to as "the Designated Area".
5. Prohibitions
 - i) No person shall act (either individually or in a group of two or more people) in a manner likely to cause nuisance, harassment, alarm or distress in the Designated Area. Any person instructed by a constable or authorised person to leave the designated area must leave without delay and shall not return to the designated area for a period of 12 hours.
 - ii) Persons shall not within the Designated Area :
 - (a) continue to consume alcohol when required to stop by a constable or an authorised person, or

(b) fail to surrender any alcohol in their possession when required to do so by a constable or an authorised person

(iii) Persons shall not within the Designated Area :

(a) continue to ingest, inhale, inject smoke or otherwise use psychoactive substances when required to stop by a constable or an authorised person, or

(b) fail to surrender any psychoactive substance in their possession when required to do so by a constable or an authorised person

A “psychoactive substance” is defined as “a substance with the capacity to stimulate or depress the central nervous system” and, for the purposes of this Order, is deemed to include nitrous oxide.

6. An “authorised person” means a person authorised by the City for the purposes of s of Part 4, Chapter 2 of the Act
7. Any person who, without reasonable excuse, fails to comply with the prohibitions set out in paragraph 5 above commits an offence.
8. Any person guilty of an offence under paragraphs 5(i) and (iii) shall be liable on summary conviction to a fine not exceeding Level 3* on the Standard Scale.
9. Any person guilty of an offence under paragraph 5(ii) shall be liable on summary conviction to a fine not exceeding Level 2** on the Standard Scale.
10. A constable or authorised person may issue a fixed penalty notice (“FPN”) to any person believed to have committed an offence under paragraph 5. A person issued with a FPN will have 14 days to pay the fixed penalty of £100.00. Failure to pay the FPN may result in prosecution for the offence.
11. In accordance with the provisions of section 66 of the Act, any challenge to this Order must be made in the High Court by an interested person within 6 weeks of it being made. An interested person is someone who lives in, regularly works in, or visits the Designated Area. This means that only those who are directly affected by the restrictions have the right to challenge.

Interested persons can challenge the Order on two grounds; (1) that the City did not have the power to make the Order or to include particular prohibitions or requirements; or (2) that one of the requirements of the legislation, for instance consultation, has not been complied with.

Where an application is made, the High Court can decide to suspend the operation of the Order pending the Court's decision, in part or in whole. The High Court can uphold, quash, or vary the Order.

** - Currently up to £1,000*

*** - Currently up to £500*

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London Marathon Route - Section 1 of 4

- Marathon Route
- Public Open Spaces
- City of London Boundary
- Public Space Protection Order






Date Created:
12 Dec 2019

Created by:
Corporate GIS Team





London Marathon Route - Section 2 of 4

-  Marathon Route
-  Public Open Spaces
-  City of London Boundary
-  Public Space Protection Order



Date Created:
12 Dec 2019

Created by:
Corporate GIS Team





London Marathon Route - Section 3 of 4

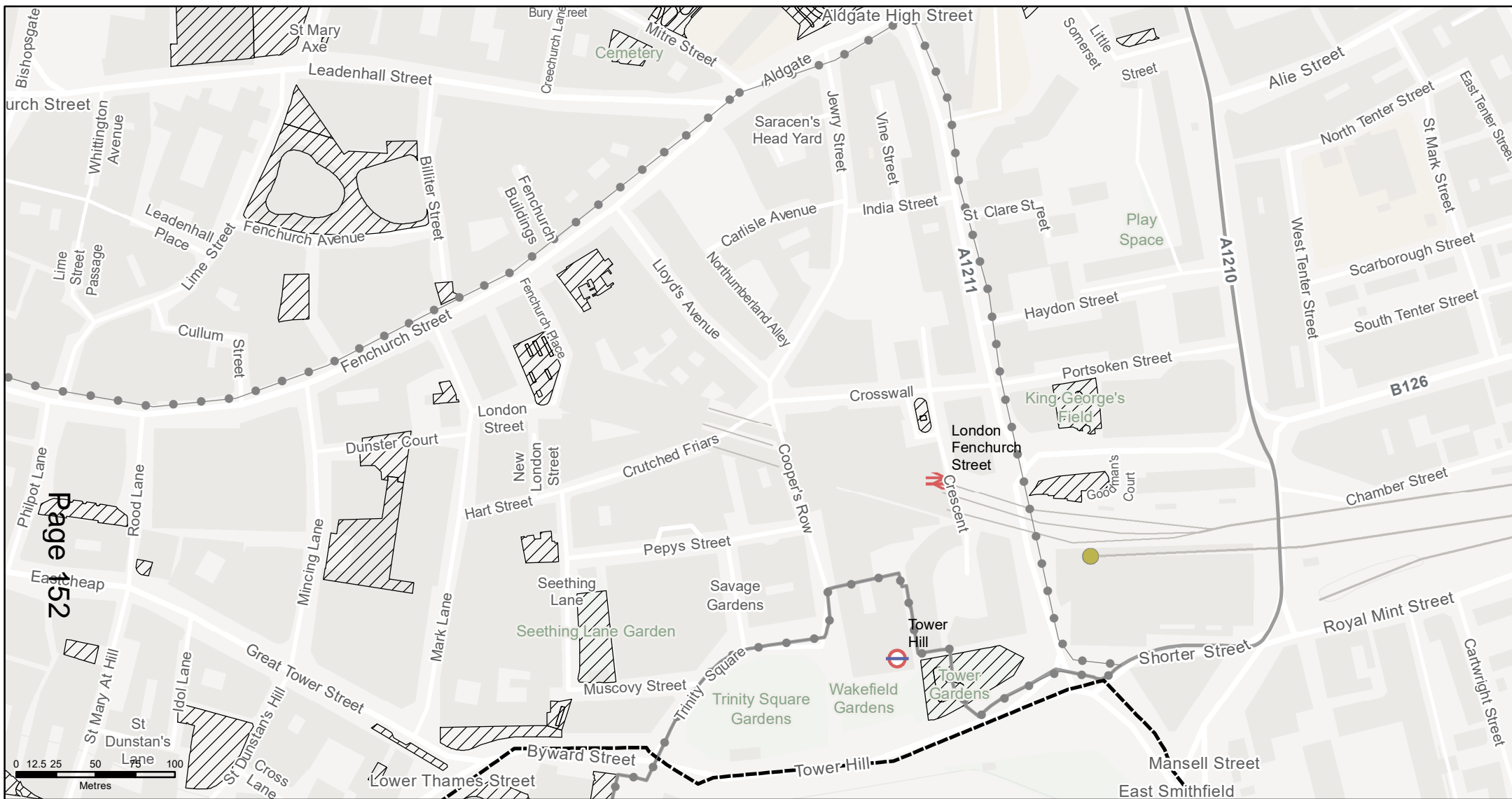
- Marathon Route
- Public Open Spaces
- City of London Boundary
- Public Space Protection Order



Date Created:
12 Dec 2019

Created by:
Corporate GIS Team





London Marathon Route - Section 4 of 4

- Marathon Route
- Public Open Spaces
- City of London Boundary
- Public Space Protection Order



Date Created:
12 Dec 2019

Created by:
Corporate GIS Team



Report – Policy and Resources Committee

Report of Urgent Action Taken: London Councils Grants Scheme 2020/21 Levy

To be presented on Thursday, 5th March 2020

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

SUMMARY

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.

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 2020.

We therefore report that, on 7 February 2020, approval was given in accordance with Standing Order No. 19 to issue the levies as set out in the appendix to 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 23 January 2020 the Committee considered and approved the total amount of expenditure to be incurred in 2020/21 (£6.668m, to come from the constituent councils of the Scheme) as well as the City Corporation's subscription to it (£6,520).
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 2020.

3. Following the receipt of confirmation from London Councils that over two-thirds of constituent councils had agreed the expenditure to be incurred for 2020/21, approval to issue the levies before the statutory deadline was sought under urgency procedures pursuant to Standing Order No.19 (as the Court of Common Council was not due to meet ahead of 15 February).
4. Approval was subsequently given to a levy of £6.668m being applied to constituent councils for 2020/21, as set out in the appendix to this report.

APPENDIX – Borough Subscriptions for 2020/21.

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

DATED this 7th day of February 2020.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chair, Policy and Resources Committee

Grants Committee Income and Expenditure Budget 2020/21

Expenditure	Revised Budget 2019/20 £000	Developments £000	Inflation £000	Original Budget 2020/21 £000
Payments in respect of Grants				
London Councils Grants Programme	6,173	0	0	6,173
Membership Fees to London Funders (for all boroughs)	60	0	0	60
European Social Fund Co-Financing	102	-102	0	0
Sub-Total	6,335	-102	0	6,233
Operating (Non-Grants) Expenditure				
Contractual Commitments				
Maintenance of GIFTS Grants IT system	10	0	0	10
	10	0	0	10
Salary Commitments				
Officers	299	-75	4	228
Members	19	0	0	19
Maternity provision	10	0	0	10
	328	-75	4	257
Discretionary Expenditure				
Staff training/recruitment advertising	7	0	0	7
Staff travel	2	0	0	2
	9	0	0	9
Total Operating Expenditure	347	-75	4	276
Central Recharges	227	-68	0	159
Total Expenditure	6,909	-245	4	6,668
Income				
Core borough subscriptions				
Contribution to grant payments	6,173	0	0	6,173
Contribution to non-grants expenditure	495	0	0	495
	6,668	0	0	6,668
Other Income				
ESF Grant Income	58	-58	0	0
	58	-58	0	0
Transfer from Reserves	183	-183	0	0
Central Recharges	0	0	0	0
Total Income	6,909	-241	0	6,668
Net Expenditure	0	4	-4	0

London Borough Grants Scheme - Contribution by Constituent Councils 2020/21

ONS Mid-2017 Estimate of Population ('000)	%	2019/20 Base Borough Contribution (£)		ONS Mid-2018 Estimate of Population ('000)	%	2020/21 Base Borough Contribution (£)	Base Difference from 2019/20 (£)
Inner London							
253.36	2.84%	191,438	Camden	262.23	2.94%	196,291	4,853
7.65	0.09%	5,780	City of London	8.71	0.10%	6,520	740
282.85	3.18%	213,721	Greenwich	286.19	3.21%	214,227	506
275.93	3.10%	208,492	Hackney	279.67	3.14%	209,346	854
183.00	2.05%	138,274	Hammersmith and Fulham	185.43	2.08%	138,803	529
235.00	2.64%	177,565	Islington	239.14	2.68%	179,007	1,442
155.74	1.75%	117,677	Kensington and Chelsea	156.20	1.75%	116,923	-754
324.05	3.64%	244,851	Lambeth	325.92	3.66%	243,966	-885
301.31	3.38%	227,669	Lewisham	303.54	3.41%	227,214	-455
314.23	3.53%	237,431	Southwark	317.26	3.56%	237,484	53
307.96	3.46%	232,694	Tower Hamlets	317.71	3.57%	237,821	5,127
323.26	3.63%	244,254	Wandsworth	326.47	3.66%	244,378	124
244.80	2.75%	184,970	Westminster	255.32	2.87%	191,119	6,149
3,209.14	36.02%	2,424,817		3,263.79	36.64%	2,443,099	18,283
Outer London							
210.71	2.37%	159,212	Barking and Dagenham	212.00	2.38%	158,692	-520
387.80	4.35%	293,021	Barnet	392.14	4.40%	293,535	515
246.12	2.76%	185,968	Bexley	247.26	2.78%	185,086	-882
329.10	3.69%	248,667	Brent	330.80	3.71%	247,619	-1,048
329.39	3.70%	248,886	Bromley	331.10	3.72%	247,844	-1,042
384.84	4.32%	290,784	Croydon	385.35	4.33%	288,453	-2,331
342.74	3.85%	258,973	Ealing	341.98	3.84%	255,988	-2,985
332.71	3.73%	251,395	Enfield	333.87	3.75%	249,917	-1,477
271.22	3.04%	204,933	Haringey	270.62	3.04%	202,572	-2,361
248.88	2.79%	188,053	Harrow	250.15	2.81%	187,249	-804
256.04	2.87%	193,463	Havering	257.81	2.89%	192,983	-480
302.34	3.39%	228,447	Hillingdon	304.82	3.42%	228,172	-275
269.10	3.02%	203,331	Hounslow	270.78	3.04%	202,691	-640
174.61	1.96%	131,935	Kingston upon Thames	175.47	1.97%	131,348	-587
206.05	2.31%	155,691	Merton	206.19	2.31%	154,343	-1,348
348.00	3.91%	262,948	Newham	352.01	3.95%	263,496	548
301.79	3.39%	228,032	Redbridge	303.86	3.41%	227,453	-578
195.68	2.20%	147,855	Richmond upon Thames	196.90	2.21%	147,389	-466
203.24	2.28%	153,568	Sutton	204.53	2.30%	153,100	-467
275.51	3.09%	208,175	Waltham Forest	276.70	3.11%	207,123	-1,052
5,615.87	63.04%	4,243,335		5,644.34	63.36%	4,225,053	-18,283
8,825.01	99.07%	6,668,152	Totals	8,908.13	100.00%	6,668,152	0

6,668,152

6,668,152

Report – Hospitality Working Party of the Policy and Resources Committee

Applications for Hospitality

To be presented on Thursday, 5th March 2020

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

(a) **Fusion Prize Award Ceremony and Early Evening Reception**

It is proposed that the City Corporation hosts the Fusion Prize Award Ceremony followed by an early evening reception at Guildhall on Thursday 7th May 2020. The Fusion Prize is a prize for new ideas demonstrating how engagement with creativity and culture can help young people develop modern workplace skills. The Prize has been developed by the Culture Mile Learning team in partnership with Foundation for Future London.

The event would support Corporate Plan outcomes: to provide access to world-class heritage, culture and learning to people of all ages, abilities and backgrounds (outcome 3b); to promote the City, London and the UK as attractive and accessible places to live, learn, work and visit (outcome 8a); and to champion investment in relevant skills and diverse talent pools (outcome 8d).

It is **recommended** that hospitality be granted for the Fusion Prize Award Ceremony and an early evening reception and that arrangements are made under the auspices of the Policy and Resources Committee; the costs to be met from City's Cash within agreed parameters.

(b) **Finale of the Lord Mayor's Cadet Music Competition**

It is proposed that the City Corporation hosts the finale of the Lord Mayor's Cadet Music Competition in Guildhall Yard followed by a buffet lunch in the Crypts on Saturday 16th May 2020. The competition, for cadet units in London, has been held annually since 2017.

The event would support Corporate Plan outcomes: to promote effective progression through fulfilling education and employment (outcome 3c); to bring individuals and communities together to share experiences and promote wellbeing, mutual respect and tolerance (outcome 4a); and to advocate and facilitate greater levels of giving time, skills, knowledge, advice and money (outcome 5d).

It is **recommended** that hospitality be granted for the City Corporation to host the finale of the Lord Mayor's Cadet Music Competition and that arrangements are made under the auspices of the Hospitality Working Party; costs to be met from City's Cash within agreed parameters.

(c) High Sheriffs' Association of England and Wales Reception

It is proposed that the City Corporation hosts an early evening reception in the Grand Hall of the Old Bailey for the High Sheriffs' Association of England and Wales on Wednesday 27th May 2020. The reception, held for the last two years at the Old Bailey, aims to further relations between the Sheriffs of the City of London and the High Sheriffs across the Country.

The event would support Corporate Plan Outcomes: to bring together individuals and communities to share experiences and promote wellbeing, mutual respect and tolerance (outcome 4a); and to advocate and facilitate greater levels of giving time, skills, knowledge, advice and money (outcome 5d).

It is **recommended** that hospitality be granted for an early evening reception for the High Sheriffs' Association of England and Wales at the Old Bailey and that arrangements are made under the auspices of the Hospitality Working Party; the costs to be met from City's Cash within agreed parameters.

(d) Centre of Young Musicians 50th anniversary reception and gala concert

It is proposed that the City Corporation hosts an early evening reception prior to the Centre for Young Musicians' 50th anniversary gala concert at the Barbican Centre on Wednesday 10th June 2020. The Centre for Young Musicians, a division of the Guildhall School of Music & Drama, offers young people weekend programmes and summer courses. The gala concert will help raise funds for bursaries.

The event would support Corporate Plan outcomes: to provide access to world-class heritage, culture and learning to people of all ages, abilities and backgrounds (outcome 3b); and to promote the City, London and the UK as attractive and accessible places to live, learn, work and visit (outcome 8a).

It is **recommended** that hospitality be granted for an early evening reception prior to the Centre for Young Musicians' 50th anniversary gala concert and that arrangements are made under the auspices of the Board of Governors of the Guildhall School of Music and Drama; costs to be met from City's Cash within agreed parameters.

(e) Central London Bench reception

It is proposed that the City Corporation hosts an early evening reception in the Grand Hall at the Old Bailey for the Central London Bench on Monday 29th June 2020. The City Corporation previously hosted similar receptions in 2018 and 2019.

The event would support Corporate Plan outcomes: to promote regulatory confidence founded on the rule of law (outcome 6a); and to lead nationally and advise internationally on the fight against economic and cyber-crime (outcome 6c).

It is **recommended** that hospitality be granted for an early evening reception for the Central London Bench and that arrangements are made under the auspices of the Hospitality Working Party; costs to be met from City's Cash within agreed parameters.

(f) Youth Interfaith Iftar

It is proposed that the City Corporation supports the hosting of a Youth Interfaith Iftar, in partnership with Historic Royal Palaces, at the Tower of London on Monday 4th May 2020. Last year a similar event, organised by the Naz Legacy Foundation, was held at St Paul's Cathedral and Guildhall. The event would provide an opportunity for young adults to come together to discuss their faith and how to bring different communities in London together.

The event would support Corporate Plan outcomes: to promote and champion diversity, inclusion and the removal of institutional barriers and structural inequalities (outcome 3a); to provide access to world-class heritage, culture and learning to people of all ages, abilities and backgrounds (outcome 3b); and to bring individuals and communities together to share experiences and promote wellbeing, mutual respect and tolerance (outcome 4a).

It is **recommended** that hospitality be granted to support a Youth Interfaith Iftar and that arrangements are made under the auspices of the Hospitality Working Party, costs to be met from City's Cash withing agreed parameters.

(g) Report of Urgent Action Taken: Australia Bush Fire Relief Dinner

In accordance with Standing Order No. 19 urgent authority was sought to the City Corporation supporting the holding of a dinner at Mansion House on Thursday 12th March in aid of the Australian Bush Fire relief effort. As referenced at Court of Common Council on 16th January, it was agreed that the City Corporation would facilitate a fund-raising dinner in aid of the Australian Bush Fires relief effort in partnership with the Australian High Commission.

Following the decision of Hospitality Working Party in January, it was evident that waiting for the next formal meeting of Court of Common Council on 5th March would not allow sufficient time for arrangements to be put in place and invitations issued. Approval was therefore sought and obtained under urgency procedures and it is recommended that this urgent action be noted.

(h) Report of Urgent Action Taken: London Tourism Awards

In accordance with Standing Order No. 19 urgent authority was sought for the City Corporation to host an evening reception following the London Tourism Awards taking place at Guildhall on Wednesday 11th March.

The event would help promote the City, London and the UK as attractive and accessible places to live, learn, work and visit (Corporate Plan outcome 8d).

Following the decision of Hospitality Working Party in January, it became evident that waiting for a Court of Common Council decision on 5th March 2020 would not allow sufficient time for arrangements to be put in place and for invitations to be issued. Approval was therefore sought and obtained under urgency procedures and it is recommended that this urgent action be noted.

- (i) **Report of Urgent Action Taken: Reception, address of welcome and State Banquet in honour of their Majesties The Emperor and The Empress of Japan**
In accordance with Standing Order No. 19 urgent authority was sought for the City Corporation to host an address of welcome and State Banquet in honour of Their Majesties The Emperor and The Empress of Japan in Spring 2020.

At the invitation of Her Majesty the Queen, Their Majesties The Emperor and Empress of Japan will pay a visit to the United Kingdom in May 2020. It is proposed that the City of London Corporation hosts a reception, address of welcome and State Banquet in honour of the visit of the Emperor and Empress under the auspices of a Ward Reception Committee, appointed in accordance with the previously agreed rota, with the Town Clerk authorised to make any amendments to the membership as required.

Once formal notification of the visit had been received in January, it became evident that waiting for the next formal Court of Common Council meeting on 5th March would not allow sufficient time for a Ward Reception Committee to be appointed and for all the necessary arrangements to be made. Approval was therefore sought and obtained under urgency procedures and it is recommended that this urgent action be noted.

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

DATED this 28th day of January 2020.

SIGNED on behalf of the Working Party.

Deputy Tom Hoffman, M.B.E.
Chief Commoner and Chairman, Hospitality Working Party

Report – Planning and Transportation Committee

Annual On-Street Parking Accounts 2018/189 and Related Funding of Highway Improvements and Schemes

To be presented on Thursday, 5th March 2020

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

SUMMARY

The City of London in common with other London authorities is required to report to the Mayor for London on action taken in respect of any deficit or surplus in its On-Street Parking Account for a particular financial year. This is pursuant to S.55 of the Road Traffic Regulation Act 1984 (3A) which states that: Transport for London, the Council of each London Borough and the Common Council of the City of London, shall after each financial year, report to the Mayor of London on any action taken by them in respect of any deficit or surplus in their account for the year.

The purpose of this report is to inform Members that:

- the surplus arising from on-street parking activities in 201/19 was £13.681m;
- a total of £6.833m, was applied in 2018/19 to fund approved projects; and
- the surplus remaining on the On-Street Parking Reserve at 31st March 2019 was £36.828m, which will be wholly allocated towards the funding of various highway improvements and other projects over the medium term.

RECOMMENDATION

That Members note the contents of the report and approve its submission to the Mayor of London.

MAIN REPORT

Background

1. Section 55(3A) of the Road Traffic Regulation Act 1984 (as amended), requires the City of London in common with other London authorities (i.e. other London Borough Councils and Transport for London), to report to the Mayor for London on action taken in respect of any deficit or surplus in their On-Street Parking Account for a particular financial year.

2. Legislation provides that any surplus not applied in the financial year may be carried forward. If it is not to be carried forward, it may be applied by the City for one or more of the following purposes:
- a) making good to the City Fund any deficit charged to that Fund in the four years immediately preceding the financial year in question;
 - b) meeting all or any part of the cost of the provision and maintenance by the City of off-street parking accommodation whether in the open or under cover;
 - c) the making to other local authorities, or to other persons, of contributions towards the cost of the provision and maintenance by them, in the area of the local authority or elsewhere, of off-street parking accommodation whether in the open or under cover;
 - d) if it appears to the City that the provision in the City of further off-street parking accommodation is for the time being unnecessary or undesirable, for the following purposes, namely:
 - meeting costs incurred, whether by the City or by some other person, in the provision or operation of, or of facilities for, public passenger transport services;
 - the purposes of a highway or road improvement project in the City;
 - meeting the costs incurred by the City in respect of the maintenance of roads at the public expense; and
 - for an “environmental improvement” in the City.
 - e) meeting all or any part of the cost of the doing by the City in its area of anything which facilitates the implementation of the Mayor’s Transport Strategy, being specified in that strategy as a purpose for which a surplus can be applied; and
 - f) making contributions to other authorities, i.e. the other London Borough Councils and Transport for London, towards the cost of their doing things upon which the City in its area could incur expenditure upon under (a)-(e) above.
3. In the various tables of this report, figures in brackets indicate expenditure, reductions in income or increased expenditure.

2018/19 Outturn

4. The overall financial position for the On-Street Parking Reserve in 2018/19 is summarised below:

	£m
Surplus Balance brought forward at 1st April 2018	29.980
Surplus arising during 2018/19	13.681
Expenditure financed during the year	(6.833)
Funds remaining at 31st March 2019, wholly allocated towards funding future projects	36.828

5. Total expenditure of £6.833m in 2018/19 was financed from the On-Street Parking Reserve, covering the following approved projects:

Revenue/SRP Expenditure:	£000
Highway resurfacing, maintenance & enhancements	(2,242)
Concessionary fares & taxi card scheme	(517)
Thames Court footbridge	(376)
Ring of steel compliance & stabilisation	(175)
Holborn Viaduct & Snow Hill pipe-subways	(137)
Minories car park structural building report	(118)
Temple Area traffic review	(113)
Special needs transport	(91)
HVM security team	(81)
Bank Junction experimental safety scheme	(56)
City Wayfinding Signage/Legible London	(29)
Cleansing / planting maintenance / Aldgate / other	(20)
Off-Street car parking contribution to reserves	116
Total Revenue/SRP Expenditure	(3,839)
Capital Expenditure:	
Street lighting project	(2,368)
City Wayfinding Signage/Legible London	(227)
HVM security bollards	(160)
Bank Junction experimental safety scheme	(141)
Beech Gardens Barbican Podium waterproofing	(98)
Total Capital Expenditure	(2,994)
Total Expenditure Funded in 2018/19	(6,833)

6. The surplus on the On-Street Parking Reserve brought forward from 2017/18 was £29.980m. After expenditure of £6.833m funded in 2018/19, a surplus balance of £6.848m was carried forward to future years to give a closing balance at 31st March 2019 of £36.828m.

7. Currently total expenditure of some £110.9m is planned over the medium term from 2019/20 until 2023/24 (as detailed in Table 1), by which time it is anticipated that the existing surplus plus those estimated for future years will be fully utilised.
8. The total programme covers numerous major capital schemes including funding towards the Street Lighting project; repairs to Holborn Viaduct & Snow Hill pipe-subways; City Wayfinding Signage/Legible London; HVM security; Bank Junction experimental safety and permanent scheme; Thames Court footbridge; Minorities car park structural building report; Barbican Podium waterproofing & Highwalk remedial works; Dominant House footbridge repairs; Temple Area traffic review; London Wall car park waterproofing, joint replacement & concrete repairs; Museum of London public realm; St Pauls gyratory; Fire Safety at the car parks; Lindsey Street Bridge strengthening; Beech Street; and transport & public realm around Combined Courts/Police Development.
9. The programme also covers ongoing funding of revenue projects the main ones being highway resurfacing, enhancements & road maintenance projects; concessionary fares & taxi cards; contributions to the costs of Off-Street car parks and special needs transport. The progression of each individual scheme is, of course, subject to the City's normal evaluation criteria and Standing Orders.
10. A forecast summary of income and expenditure arising on the On-Street Parking Account and the corresponding contribution from or to the On- Street Parking surplus, over the medium-term financial planning period, is shown below:

Table 1 On-Street Parking Account Reserve Projections 2018/19 to 2023/24	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m	2023/24 Forecast £m	Total £m
Income	20.3	15.4	23.8	22.7	19.7	16.9	118.8
Expenditure (<i>Note 1</i>)	(6.6)	(4.8)	(6.4)	(4.7)	(4.3)	(4.2)	(31.0)
Net Surplus arising in year	13.7	10.6	17.4	18.0	15.4	12.7	87.8
Capital, SRP and Revenue Commitments	(6.8)	(7.0)	(15.4)	(25.3)	(34.1)	(29.1)	(117.7)
Net in year contribution (from)/ to surplus	6.9	3.6	2.0	(7.3)	(18.7)	(16.4)	(29.9)
(Deficit) / Surplus cfwd at 1 st April	29.9	36.8	40.4	42.4	35.1	16.4	
(Deficit) / Surplus cfwd at 31st March	36.8	40.4	42.4	35.1	16.4	0.0	

Note 1: On-Street operating expenditure relates to direct staffing costs, repair & maintenance of pay & display machines, Indigo contractor costs, fees & services (covering cash collection, pay by phone, postage & legal), IT software costs for enforcement systems, provision for bad debts for on-street income and central support recharges.

11. A noticeable increase in income is forecast from 2020/21 relating to traffic restriction enforcement through improved camera technology, including Beech Street zero emission zone, to be introduced as part of the fundamental review proposals. Depending upon future motorist's compliance, these forecast future income streams may need refining.

Conclusion

12. So that the City Corporation can meet its requirements under the Road Traffic Regulation Act 1984 (as amended), it is requested that the Court of Common Council notes the contents of this report and approves its submission to the Mayor of London.

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

DATED this 28th day of January 2020.

SIGNED on behalf of the Committee.

Deputy Alastair Moss

Chair, Planning and Transportation Committee

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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 2020

*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 2010/21. 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 14th day of January 2020.

SIGNED on behalf of the Committee.

Jeremy Lewis Simons
Chairman, Port Health and Environmental Services Committee

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SUMMARY OF CHARGES
HEATHROW ANIMAL RECEPTION CENTRE
1 April 2020 – 31 March 2021
(2019/20 rates shown in brackets)

Minimum charge for any one consignment (excluding those listed under point 2.0, 2.1 and 5): £186 (£182)

Processing and handling fee for all shipments that terminate at Heathrow: £15 (£15)

ANIMALS CHARGE PER CONSIGNMENT

1. a. Mammals £186 (£182) for up to 24 hours, £57 (£56) per day or part thereof after 24 hours

2.0 Dogs, Cats and Ferrets under the Pet Travel Scheme (EU) Reg. 576/2013

In order to meet the “pre-check” requirements (where applicable) all documentation must be submitted to the HARC no later than 72 hours prior to the animal’s departure.

a. PETS originating in the EU

- PETS originating in the EU (including those countries listed in Annex 2 of part 1 to Commission Implementing Regulation (EU) 577/2013) will be charged a handling fee of £45 (£43) per animal in addition to the collection charge of £87 (£85) (see Part 2 section 5).

b. PETS originating outside the EU

- If a documentation ‘pre-check’ has been completed and approved by HARC, PETS originating outside the EU will be charged at the minimum charge of £177 (£177) for the first animal. Where the consignment consists of more than one animal, a handling fee of £45 (£43) per animal thereafter.
- PETS originating outside the EU that have NOT received a documentation ‘pre-check’ or arrive against the advice of HARC, will be charged at £245 (£235) for the first animal. Where the consignment consists of more than one animal, a handling fee of £45 (£43) per animal thereafter.

c. PETS checked at aircraft (Assistance Animals)

- If a documentation ‘pre-check’ has been completed and approved by HARC, Assistance Animals will be charged at £225 (£220) plus a 1-hour collection charge of £174 (£170) = £399 (£390) for the first animal. Where the consignment consists of more than one animal, a fee of £45 (£42) per animal thereafter.
- Assistance Animals that have NOT received a documentation ‘pre-check’ or arrive against the advice of HARC, will be charged at £458 (£450) for the first animal. Where the consignment consists of more than one animal, a fee of £45 (£45) per animal thereafter.

2.1 Dogs, Cats and Ferrets NOT under the Pet Travel Scheme

- a. Dogs, Cats and Ferrets imported under licence to authorised quarantine kennels**
£177 for up to 24 hours, £45 per animal per day or part thereof after 24 hours
- b. Dogs, Cats and Ferrets being moved into the U.K. under Directive 92/65/EEC**
£177 for up to 12 hours and £45 per animal ½ day or part thereof after 12 hours

3. Birds £65 (£64) per box per day £185 (£182) minimum charge

Pet birds: £45 (£43) per bird for up to 24 hours.

Birds of prey £18 per bird for up to 24 hours, £185 (£182) minimum charge

Transit commercial bird consignments should be booked through to have a maximum stay at Heathrow of 24 hours. Any transit commercial bird consignments that stay more than 24 hours will be charged at £43 (£42) per box per day, or part thereof.

Bird Quarantine £365-£1270 (£360-£1250) plus laboratory testing fees.

Fees are dependent on size of consignment and housing requirements.

Faecal Sampling and Bird Autopsy costs as per current Animal & Plant Health Agency rates.

Larger consignments to be negotiated see Part 2, Section 6

- 4. Reptiles** £186 (£182) for up to 24 hours, £220 (£215) 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 £220 (£215) minimum per consignment £65 (£64) per day, or part thereof handling for any consignment after 24 hours.

- 5. Fish/Aquatic Invertebrates/Invertebrates/Semen/Fish and Bird Eggs** £2.00 (£1.95) per box, £35 (£34) minimum charge.

A surcharge of £655 (£645) 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 £22 (£21) 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
CHARGES FOR ANCILLIARY SERVICES

1. Destruction including disposal of livestock or goods - £41 (£40) per kilogram. Minimum charge £82 (£80).

Travelling containers are the owner's property and should be collected with the animal. If they are no longer required, they will be disposed of for a fee of £16 (£15) per box.

2. Cleansing and disinfecting aircraft, animal holding facilities, vehicles, loose boxes etc. - £357 (£350) per hour (including disposal of special waste).
3. Identification of species for DEFRA/HM Revenue and Customs/Border Agency - £173 (£170) per hour. Assisting on off airport operations - £87 (£85) per hour/£555 (£545) 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 - £174 (£170) per hour or £87 (£85) 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 International Air Travel Association (IATA) standards:-

Space Bars/Battens - £49 (£48) per box
Air Holes - £22 (£21) per box
Water Pots - £22 (£21) per box

(If these services are carried out on the airport an additional fee of £87 (£85) applies for 'delivery' of the service).
8. Use of Large Animal Facility (per pallet) £357 (£350)
9. Special handling e.g. re-oxygenation of fish/re-packaging reptiles/additional administrative functions £87 (£85) per hour plus cost of materials

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Report – Establishment Committee

Draft Pay Policy Statement 2020/21

To be presented on Thursday, 5th March 2020

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

SUMMARY

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

The Statement has now been updated for 2020/21 and has been considered and approved by your Establishment and Policy and Resources Committees. It is now recommended to the Court for approval.

RECOMMENDATION

It is recommended that the Court considers and agrees the draft Pay Policy Statement for 2020/21 as 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. The requirement for local authorities to produce Pay Policy Statements was introduced under the section 38(1) of the Localism Act 2011 (the Act). This stated that “A *relevant authority must prepare a pay policy statement for the financial year 2012-2013 and each subsequent financial year*”. In the City Corporation’s case, it is a “*relevant authority*” only in its capacity as a local authority. However, and in general, the City has not tried to distinguish in its Pay Policy Statements its local-authority capacities from any of its other undertakings, other than where these are specifically excluded from the remit of the 2011 Act.
2. The aim of the Act is that authorities should be open, transparent and accountable to local taxpayers. Pay Policy Statements should set out the authority’s approach to issues relating to the pay of its workforce, and in particular to the pay of its “Chief Officers” and the pay of its lowest paid employees.
3. Section 38 of the Act goes on to outline certain features which must be included within Pay Policy Statements.
 - Section 38(2) says that the Statements must set out the authority’s policies for the financial year relating to the remuneration of its chief officers, the remuneration of its lowest-paid employees and the relationship between the remuneration of its chief officers and the remuneration of any other employees.

- Section 38(3) says that the Statements must state the definition of “lowest-paid” employee adopted by the authority and its reasons for adopting that definition.
 - Section 38(4) says that the Statements must include the authority’s policies relating to the level and elements of remuneration for each chief officer, remuneration of chief officers on recruitment, increases and additions to remuneration for each chief officer, the use of performance-related pay and bonuses for chief officers, the approach to the payment of chief officers when they cease to be employed and the publication of and access to information relating to chief officers’ remuneration.
4. Section 38(5) is less prescriptive, but allows authorities to set out in their Statements their policies for the financial year relating to other terms and conditions applying to chief officers.
 5. The definition of “Chief Officers” given in the Localism Act (under section 43(2)) is that of the Local Government and Housing Act 1989, and incorporates the latter Act’s definitions of both “Chief Officers” and “Deputy Chief Officers”. This is a much wider definition than the conventional definition of “Chief Officer” used in the City Corporation (generally denoting a head of department) and also wider than that which governs posts included in our Senior Management Group.
 6. Under the Local Government and Housing Act, a “Chief Officer” is:
 - the authority’s head of the paid service (the Town Clerk & Chief Executive, in the City Corporation’s case),
 - any person who in general answers directly to the head of the paid service, and
 - any person (irrespective of whether they report directly to the head of the paid service) who in general is required to report directly to the authority itself or to any Committee or sub-Committee of the authority.

A “Deputy Chief Officer” under the Act is anyone who reports directly to any person defined as a Chief Officer.

7. The only employees who could be caught by any of these definitions who are excluded from them under the 1989 Act are those employees engaged principally in clerical or secretarial support, or who are responsible for other support services.
8. The 1989 Act divides “Chief Officers” between what are called “statutory Chief Officers” and “non-statutory Chief Officers”. However, this distinction is irrelevant for the Pay Policy Statement provisions of the Localism Act 2011.
9. The 1989 Act applies to the City only in its capacities as a local authority, police authority and port health authority. However, in keeping with the commitment to wider transparency in our Pay Policy Statements, the basic definitions of “Chief Officer” and “Deputy Chief Officer” given in the 1989 Act have been applied in our Pay Policy Statements to all relevant employees of the City Corporation,

irrespective of the capacity or capacities they work under, other than where their duties are specifically excluded from the provisions of the Localism Act.

10. Section 41 of the Localism Act makes further provision relating to the remuneration of “Chief Officers”, which is that any determination made by the authority related to the remuneration or other terms and conditions applying to a Chief Officer of the authority within the financial year to which the Pay Policy Statement relates must comply with its Pay Policy Statement for that year.
11. The Localism Act makes supplementary provisions relating to Pay Policy Statements in its section 39. This says that the authority’s Pay Policy Statement must be approved by a resolution of the authority by the 31 March before the financial year to which it relates, that the Statement may (again by resolution of the authority) be subsequently amended after the beginning of the financial year, and that, as soon as is reasonably practicable after its approval or amendment, the Statement must be published on the authority’s website.
12. The Department for Communities and Local Government publishes Guidance to the relevant parts of the Localism Act and a Code of Recommended Practice for Local Authorities on Data Transparency which is also of relevance in complying with the Act. Such Guidance has statutory effect under section 40 of the Act, and a relevant authority in performing any of its functions under sections 38 and 39 of the Act must have regard to the instructions of the Guidance.
13. The main Guidance (*“Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act”*) was published in February 2012. It sets out a number of key policy principles, i.e.
 - The need to increase transparency in how taxpayers’ money is used in local authorities, particularly in the pay and reward of staff
 - The promotion of pay fairness by tackling disparities between the lowest and highest paid
 - The increase of accountability in pay decisions made by authorities.

The general notion is that *“the Act’s provisions will ensure that communities have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility. In addition, the provisions will ensure that policies on the pay and reward of the most senior staff are set out clearly within the context of the pay of the wider workforce”*.

14. The 2012 Guidance in general reiterates the main provisions of the 2011 Act or makes suggestions about how these should be interpreted, but it also makes several prescriptive points for matters which it would be desirable for authorities to include within their Pay Policy Statements or otherwise within their pay policies or governance arrangements. These include:
 - the non-applicability of the Localism Act to the staff of local authority schools (including teachers)

- the opportunity for a full-council vote for new salary packages in excess of £100,000 per annum;
 - the publication of pay multiples, in particular between the highest-paid employee and median pay levels;
 - the payment or otherwise of separate fees for election duties for Chief Officers;
 - description of whether any payments to senior staff have to be earned each year or are all consolidated payments;
 - compliance in the award of severance pay to Chief Officers with the authority's published policies on discretionary payments in such circumstances;
 - circumstances in which pension payments can be made to employees still in local-authority work
 - policy on pay packages for senior appointments that limits the possibility of tax avoidance.
15. The government introduced Supplementary Guidance to the 2012 Guidance in February 2013. This in general served as a reminder for authorities of their existing duties in relation to their Pay Policy Statements, without giving further explicit instructions to them about additional requirements. However, it stated that authorities should present their Pay Policy Statements in a clear and accessible format, keeping jargon to a minimum and explaining any acronyms used, and that they should set out in their Statements clearly and separately their policies against each of the requirements of the Localism Act. The Supplementary Guidance also advised authorities that if they conclude that any particular parts of the existing Guidance do not apply to them then they explain this clearly in their Statements.

Current Position - City of London Pay Policy Statement 2020/21

16. Attached to this report is an updated draft Pay Policy Statement for 2020/21. This is required to be put before the Establishment and Policy & Resources Committees before being put to the full Court of Common Council. It was presented to Senior Remuneration Sub Committee (SRSC) on 5th December to provide Members with the template that the City uses in its Pay Policy Statements in order to explain why it is structured as it is and contains what it does, against the legislative framework under which the Statements are made.
17. At the 5 December meeting, members of the SRSC expressed views about the format and content of the Pay Policy Statement. They accepted that this was driven by legislation but asked that it be reviewed for the 2021/22 Statement. In the meantime, the Statement for 2020/21 retains its existing format.
18. Paragraphs 1-4 of the Statement provide a general introduction. They explain the general duty under section 38(1) of the 2011 Act to provide a Statement, and the basic principles which the Government Guidance suggests that Statements should embrace. They explain further how the legislation affects the City Corporation, and the general decision to follow the spirit of the legislation across

wider areas of the City's functions, other than certain areas (Police Officers and Schoolteachers) which the legislation or Guidance specifically exclude.

19. Paragraphs 5-7 and 8-14 provide a general overview of the City's pay policies, its Grading structure and other payment mechanisms. These put in context later parts of the Statement. The required definition of lowest-paid staff is provided at paragraph 13.
20. Paragraphs 15 and 16 explain payments made to Graded staff, following the descriptions of the pay rates for the Grade and number of employees in them given in paragraphs 5 and 6. This is of relevance to the requirement to explain the remuneration of "Chief Officers" (many of whom by the Local Government & Housing Act definition used in the 2011 Act are paid on the A-J Grades) and to the requirement to provide pay multiples, in particular the relationship of the pay of the highest-paid member of staff with the median employee in pay terms.
21. Paragraphs 17-25 explain payments made to employees on the Senior Management Grade. This is further relevant to explaining the organisation's remuneration policies in relation to "Chief Officers", as these are different for "SMG" "Chief Officers" and "A-J" "Chief Officers". This affects the requirements under sections 38(4) and 41 of the Act and some of the provisions relating to "Chief Officer" pay in the 2012 Government Guidance.
22. Paragraphs 26-31 then bring the preceding sections together to provide full details of our remuneration regime as it might affect all "Chief Officers" and "Deputy Chief Officers" as the Act would define them. Paragraph 31 also provides the pay multiples and general explanation of relationships required by section 38(2) of the Act and the 2012 Government Guidance to it.
23. Paragraphs 32-40 then give details on specific matters which the Government guidance requires to be set out in the Statement. Each subject area is clearly indicated.
24. Paragraphs 41-44 provide brief concluding statements in relation to the legislation.

Conclusion

25. To meet the requirements of the Localism Act, the City Corporation must agree and publish a Pay Policy Statement before each financial year. This report sets out why the City's Statement is set out in the way it is and contains the information it does.

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

DATED this 30th day of January 2020.

SIGNED on behalf of the Committee.

Deputy Charles Edward Lord, OBE JP
Chair, Establishment Committee

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CITY OF LONDON CORPORATION

PAY POLICY STATEMENT 2020/21

Introduction

1. Section 38(i) of the Localism Act 2011 (the Act) has required local authorities since the financial year 2012/13 to produce a Pay Policy Statement in advance of each financial year. The Act requires local authorities to set out in their Statements their policies on a range of issues, particularly those relating to remuneration for their most senior and lowest-paid staff. This must include significant information on pay and reward for Chief Officers (as defined in the Local Government and Housing Act 1989). The Statement must be reviewed annually and agreed by “*a resolution of the authority*”, in the City of London Corporation’s case by the Court of Common Council. This document meets the requirements of the Act for the City of London Corporation for the financial year 2020/21.
2. 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.
3. The Act applies to the City of London Corporation only in its capacity as a local authority. It should be noted that not all of the pay and employment costs incurred by the City of London Corporation are carried out in this capacity, or even funded from public resources. As well as having statutory local authority functions, the Corporation undertakes other public functions, such as those of a police authority and of a port health authority. It also has private and charitable functions which receive funding through income from endowment and trust funds, and the pay and employment costs of these functions are met from these funds and are outside the scope of the Act.
4. In general, and in keeping with the spirit of openness, this Statement does not try to distinguish between information which applies to the City Corporation as a local authority and that which applies to it in any of its other capacities. However, insofar as the Act specifically excludes police authorities from its remit, this Statement does not include information about Police Officers. Likewise, paragraph 7 of the Government Guidance for authorities on “*Openness and accountability in local pay*” (which has statutory effect under s40 of the Act for authorities in the preparation of their Pay Policy Statements) advises that “*The provisions in the Act do not apply to the staff of local authority schools and therefore teaching staff need not be brought within the scope of a pay policy statement*”. The City of London Corporation does not directly manage any local authority schools, but it does directly run three independent schools, and while some information about the remuneration of the

teaching staff in these schools is provided in the Statement, in general the Statement follows the Government Guidance and leaves teaching staff outside of its scope.

5. 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 current Grade structures and associated pay scales can be seen below.

Salary Scales effective from 1 October 2019:

Grade	Min Salary (£)	Max Salary (£)	No. of employees
Grade A	£16,040	£17,020	174
Grade B	£17,510	£20,330	609
Grade C	£22,860	£26,520	821
Grade D	£28,700	£33,290	691
Grade E	£33,290	£38,570	566
Grade F	£42,150	£48,880	401
Grade G	£50,330	£58,380	178
Grade H	£58,380	£67,650	89
Grade I	£67,650	£78,410	28
Grade J	£80,770	£93,650	22
Senior Management Grade (SMG)	£82,390	£252,370	15
<p>The figures given are for Base pay only. Employee numbers are those at the time of the November 2019 pay roll. Any employee on Grades A-J who manages or supervises another employee on the same Grade has a separate pay scale paying up to 6.1% greater than the salary on the substantive Grade. Any employee on Grades A-J who is in a residential post has a separate pay scale paying 12.5% less than the salary on the substantive Grade. The figures for employees in each Grade in the table above include those on the relevant supervisory and residential scales. All employees on Grades A-J and in the SMG also receive a London Weighting allowance. The allowance does not differ between Grades of staff.</p>			
Teacher Grades	£29,490	£60,250	
Senior Teacher Grades	£64,640	£147,490	
<p>Figures for Teacher Grades exclude any additional responsibility allowances payable. Figures for Senior Teacher Grades include all payments.</p>			

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 Corporation's Pay Policy.

6. A two-year Pay Award covering 2018-20 for staff in Grades A-J and the SMG was negotiated with the recognised Trade Unions and staff representatives for these employees in 2018, and agreed by the Court of Common Council in July 2018. The Pay Award provided for a 2.45% increase on all salaries in Grades A-C and a 2% increase on all Graded salaries in Grades D and above, including the SMG, and a 5% increase on London Weighting allowance rates for all staff. These increases would be applied in each of the two years of the agreement, from 1 July 2018 in the first year and from 1 July 2019 in the second. The Pay Award also provided for restructures of Grade A (the City of London Corporation's lowest pay Grade) from 1 October in each of the years covered by the Award. The bottom point of the scale was to be removed in each year and the top point of the scale would move up one point.

The two-year Pay Award did not cover Teachers and their pay scales were subject to the usual negotiations with their recognised Trade Union and staff representatives in 2019.

7. 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

8. 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.
9. 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. The Grades A-J and the Senior Management Grade retain incremental progression, but this is always determined by performance measured through appraisal over the year 1 April - 31 March. The Grades D-J and the Senior Management Grade also have access to "Contribution Payments" for employees at the top of the Grades. Achievement of these is also determined by appraisal over the same time period. All increments earned by appraisal are implemented from 1 October following the ending of the appraisal year, and Contribution Payments earned from appraisal are paid in the same October. A fundamental element of the strategy is that achievement of payments related to performance is more onerous and exacting the more senior the member of staff.

10. All non-teaching staff employed by the City Corporation below the Senior Management Grade are allocated to one of the 10 Grades (Grades A-J), other than in a 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 2007 Review. The evaluation scheme was independently equalities-impact assessed to ensure that it was inherently fair and unbiased. New posts and any existing posts that change their levels of responsibility etc. continue to be evaluated and ranked under the scheme. 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.
11. 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 £6,390 for those based in inner London and £3,830 for those based in outer London.
12. As most of the work of the organisation is undertaken 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. These, where used, can be applied to employees in Grades A-J. Any requests for a market supplement must be supported by independent market data and is considered by a panel of senior officers and, where appropriate depending on the amount proposed to be paid and the Grade of the post, by the Establishment Committee. All market supplement payments are kept under regular review, and regular reports on payments made are produced for the Establishment Committee. The City Corporation subscribes to Croner's salary benchmarking. While this provides information on both public and private sector comparator jobs, general practice is to use the median level of comparator public-sector jobs in central London for organisations which employ between 1001 and 4000 staff, with a turnover of £50m-£100m as basis for establishing appropriate market rates.
13. The London Living Wage (LLW) has been applied as a minimum rate for all directly employed staff, including Apprentices, since April 2017. Casual staff and agency workers have also been paid the London Living Wage since 2014. Until 2018, LLW increases were applied from 1 April each year in line with the most recently announced LLW increase. However, in October 2018, the City Corporation's Policy & Resources Committee agreed that LLW increases should be applied in this and future years to affected employees and other staff from the date of the increase's announcement, which in 2019 was on 11 November.
14. The Establishment Committee has specific authority to deal with or make recommendations to the Court of Common Council where appropriate on all matters

relating to the employment of City of London Corporation employees where such matters are not specifically delegated to another Committee. These matters include the remuneration of senior officers. The Establishment Committee has delegated this to the Senior Remuneration Committee.

Employees below the Senior Management Grade

15. The lowest Graded employees are in Grade A as determined by the outcomes of the Job Evaluation process. In 2016, the bottom two incremental points of this Grade were removed and an additional point was added to the top of it, and the two-year Pay Award for 2018-20 further restructured Grade A to give it additional points at the top while removing points from the bottom. The current lowest point on Grade A is now £22,430, including a London Weighting allowance for working in Inner London. The current pay range for Grades A - J is £22,430 to £100,040 inclusive of Inner London Weighting of £6,390 for non-residential employees.

- Grades A-C are the lowest Grades in the City of London Corporation. Grade A has 3 increments and Grades B and C have 6 increments, and progression through each Grade can be achieved by annual incremental progression subject to satisfactory performance. There is no Contribution Pay assessment. However, employees at the top of these Grades have the opportunity if they have undertaken exceptional work to be considered for a Recognition Award up to a maximum level set corporately each year (this has been £500 in each year since 2010).
- 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 6% of basic pay depending on the assessed level of contribution over the previous year. The appraisal system recognises four levels of performance - Improvement Required, Good, Very Good and Outstanding, and those employees at the top of Grades D-J who achieve either of the top two ratings can receive a Contribution Payment. In 2019, those in receipt of a "Very Good" rating could receive a payment of between 1 and 5% of Basic salary, and those earning an "Outstanding" rating would receive a payment of 6% of Basic salary. The variable payment for "Very Good" ratings was introduced in 2019 to recognise that there could be distinctions in performance of those so assessed, above the level of "Good" but not meriting an "Outstanding" assessment.

(A separate performance-payment scheme is in place for a small group of employees at the Barbican Centre engaged in commercial activities. These staff may receive payments of up to £4,000 or £6,000 per annum, depending on Grades and their success in meeting certain performance targets. The staff involved are excluded from the Recognition Awards and Contribution Payments schemes applying to other employees on their Grades.)

16. For the appraisal year ending March 2019 (i.e. for payments awarded on 1 October 2018), 65.4% of eligible employees were allowed to move into the two higher contribution increments and 64.7% of eligible staff received a one-off non-consolidated contribution payment.

Senior Management Grade

17. The Senior Management Grade comprises the most senior roles in the organisation, as determined by Job Evaluation. Posts on the Senior Management Grade (SMG) are those which are the professional lead for a significant area of City Corporation business, with the nature of the professional responsibility held being that the postholders are not only directing the function for which they are responsible towards meeting corporate strategic goals but are required to determine from their professional point of view how these corporate goals should be constructed. As the SMG posts are distinct roles, they are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the Grade, which incorporates market factors as well as corporate importance. 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, based on the contribution of the individual to the success of the organisation. SMG posts are not necessarily the best-paid in the organisation, as other posts in Grades I and J may be better paid than some SMG posts, depending on the separate market supplements applied to the Graded posts.

18. The Senior Management Grade 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
- Director of the Economic Development Office
- Executive Director of Mansion House and the Central Criminal Court
- Director of HR
- Director of Consumer Protection & Markets
- Director of Open Spaces
- Chief Grants Officer & Director of the City Bridge Trust

19. 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 Grade for the purposes of pay (their pay is governed by a separate senior teaching pay scale, as outlined in paragraph 5). The pay of the post of Remembrancer is aligned to Senior Civil Service pay scales.

20. 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, subject to alteration thereafter when the duties or responsibilities of posts or other external factors relevant to their pay and reward change. Current Senior Management salary scales are from £82,390 to £252,370, excluding London Weighting.
21. Each Senior Management Grade 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.
22. 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%

23. The average payment based on contribution alone has been 3.44% for the appraisal year ending in March 2019. The payments have been largely non-consolidated i.e. they have to be re-earned each year based on superior performance.
24. The Town Clerk & Chief Executive determines all salary matters for SMG posts (other than in relation to himself) within the existing individual Grades and reward policies, in consultation with elected members and the Senior Remuneration Committee. The Director of HR coordinates any such matters in relation to the Town Clerk & Chief Executive, in consultation with elected members and the Senior Remuneration Committee.
25. 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.

£82,390 - £117,430	(2)
£110,710 - £148,760	(7)
£148,760 - £194,110	(5)
£218,540 - £253,270	(1)

Chief Officers and Deputy Chief Officers

26. The Act specifies that information should be given in Pay Policy Statements about the determination of remuneration for Chief Officers and Deputy Chief Officers as defined under the Local Government & Housing Act 1989, including approaches to the award of other elements of remuneration including bonuses and performance-related pay as well as severance payments. This should include any policy to award additional fees paid to Chief Officers or Deputy Chief Officers for their local election duties. The 1989 Act applies to the City Corporation only in its capacities as a local authority, police authority and port health authority, but as with other parts of this Statement, details are given for all employees who would satisfy the basic definitions of Chief Officers and Deputy Chief Officers given in the 1989 Act, other than schoolteachers and those who work in general for the City Corporation in its capacity as a police authority.
27. According to the definitions given in the 1989 Act (but widened in their interpretation as described in the paragraph above), as of 20 November 2019, the City Corporation had 31 Chief Officer posts and 132 Deputy Chief Officer posts. The 31 Chief Officer posts comprised the 15 posts within the Senior Management Grade plus the following numbers of posts within the A-J Grades:

- Grade J 12
- Grade I 3
- Grade H 1.

The 132 Deputy Chief Officer posts were made up of posts at the following Grades:

- Grade J 9
- Grade I 19
- Grade H 52
- Grade G 27
- Grade F 23

plus two posts paid at spot salaries owing to the nature of their employment and/or funding.

28. The distinctions between SMG pay and payments made to employees on other Grades are outlined in the relevant sections of this Statement above. The most significant element of pay able to be received by employees in Grades A-J that is not available to SMG posts is market supplements. 13 Chief Officers in Grades H-J receive these payments as do 52 Deputy Chief Officers in Grades G-J. 4 of the Deputy Chief Officers in Grade F receive additional payments for working contractual hours in addition to the standard 35 per week on most City Corporation contracts. One Deputy Chief Officer on Grade F receives occasional additional payments for participating in electoral activities.

29. In cash terms, the payments per annum made to Chief Officers (including those in the SMG) and Deputy Chief Officers fall into the following broad pay bands:

<u>£ per annum</u>	<u>Chief Officers</u>	<u>Deputy Chief Officers</u>
40,000 – 50,000	-	21
51,000 – 60,000	-	27
61,000 – 70,000	-	28
71,000 – 80,000	4	24
81,000 – 90,000	1	13
91,000 – 100,000	2	5
101,000 – 110,000	5	1
111,000 – 120,000	6	9
121,000 – 140,000	3	2
141,000 – 150,000	4	1
151,000 – 195,000	5	-
200,000 – 255,00	1	1
<u>Total employees</u>	<u>31</u>	<u>132</u>

All payments outlined in the table above exclude London Weighting payments.

30. The schemes for incremental pay increases and Contribution Payments for employees in Grades D-J and the Senior Management Grade are set out in the relevant sections of this Statement above. These apply to Chief Officers and Deputy Chief Officers, depending on whether they are in one of the D-J Grades or the SMG. No Chief Officer or Deputy Chief Officer has an element of their basic pay “at risk” to be earned back each year. Progression through Grades is, however, subject to successful performance, assessed through the application of the performance-appraisal scheme. Contribution Payments for any Chief Officer or Deputy Chief Officer are only available to those at the top of their Grades. These must also be earned through performance appraisal, and all such payments are non-consolidated, meaning that any recurrence of the payment has again to be earned through performance in future years.
31. The Act requires authorities to set out 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 their highest-paid staff and other staff. The City Corporation’s pay multiple - the ratio between the highest paid and lowest paid permanent staff - is approximately 1:12. The ratio between the pay of the highest paid member of staff and the median earnings figure for all staff in the authority is 1:7.

Transparency

32. The Government guidance to the Act (which has statutory effect) 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, senior staff recruitment, and re-employment of senior postholders who have left the authority, particularly in

relation to arrangements which might be made in such an event that would appear to have the intention of minimising tax payments made by the re-engaged former employee.

Recruitment

33. New staff, including those in 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 new employee is normally appointed 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

34. 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

35. 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 in the Pension Scheme allow for an earlier date. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme following dismissal on redundancy or business efficiency grounds from age 55 onwards and on grounds of permanent ill-health at any age.
36. Whilst the Local Government Pension Scheme allows applications for flexible retirement from staff aged 55 or over, where staff reduce their hours or Grade, it is the City Corporation's policy to agree to these only where there are clear financial or operational advantages to the organisation. Benefits are payable in accordance with Regulation 27 of the Local Government Pension Scheme Regulations 2013. Unless there are exceptional circumstances, the City does not make use of the discretion allowed by the LGPS Regulations to waive any actuarial reduction in pensions awarded under the flexible-retirement provisions.

Redundancy

37. 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 £525 per week). The City Corporation currently bases the calculation on 1.5 x actual salary.

This scheme may be amended from time to time subject to Member approval, and has most recently been so amended for staff made redundant on or after 25 October 2017. 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

38. 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 in the Senior Management Grade or the Town Clerk & Chief Executive, any such compensation payment will only be made following consultation with the Chairmen 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

39. 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

40. Applications for employment from staff who have retired or been made redundant from the City Corporation or another authority will be considered in accordance with our normal recruitment policy. The City Corporation does not engage former staff on contracts that enable tax payments to be minimised.

Publication of information relating to remuneration

41. The City Corporation will seek to publish details of positions with remuneration of £50,000 or above in accordance with the Accounts and Audit Regulations 2015 and the Local Government Transparency Code issued by the Secretary of State for Communities and Local Government.
42. This Pay Policy Statement will be published on our public website. It may be amended at any time during 2019/20 by resolution of the Court of Common Council. Any amendments will also be published on our public website.
43. 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" (including any supplementary Guidance issued); "The Local Government Transparency Code 2015"; and the Accounts and Audit Regulations 2015.
44. From 2018, the City of London Corporation is required under the Equality Act 2010 to publish information every year showing the pay gap between male and female

employees. The organisation's most recent such report was published in March 2019, and showed a diminution in the mean and median hourly-rate gender pay gap and an increase in the proportion of women in the upper quartile of employees by pay rates.

January 2020

Report – Barbican Centre Board

Proposed Amendment to Terms of Reference and Term Limits

To be presented on Thursday 5 March 2020

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

SUMMARY

In April 2009, the Barbican Centre Board reviewed its governance arrangements. As part of this process, it was agreed to introduce term limits, whereby an individual is restricted to a maximum continuous service term limit of three terms of three years. This was intended to allow for a reasonable degree of turnover on the Board, thereby facilitating a managed approach to its composition, ensuring that there is the right blend of experience and fresh thinking at any particular point in time.

However, one unanticipated consequence of the introduction of a term limit has now arisen. Pursuant to Standing Order 30(3)(a), it is customary on City Corporation Committees for the outgoing Chair/Chairman to serve as Deputy Chair/Chairman in the year immediately following their term as Chairman, in order to use their experience and knowledge to assist the new Chair/Chairman in their role. Unfortunately, the incumbent Chairman (Deputy Dr Giles Shilson), who is now in the final year of his Chairmanship, is also due to complete his ninth and final year on the Board in April 2020. This would prevent him from exercising his rights under Standing Order 30(3)(a) for the year 2020/21.

The service term limits are not mandated by any particular statute or law; rather, they are a self-imposed restriction adopted by the Board in the interests of good governance. The Board has decided, therefore, to temporarily alter its constitution to allow for the incumbent Chairman to be eligible for a tenth year on the Board, so as to enable him to serve as Deputy Chairman for one year to support the new Chair/Chairman.

The endorsement of the Policy & Resources Committee (which has responsibility for governance matters) was sought and obtained in respect of this proposed change and the final approval of the Court of Common Council (which sets the Board's constitution formally) is now being sought. It should also be noted that Deputy Shilson would still be subject to re-election to the Board at the April meeting of the Court of Common Council; the approval at this stage would mean that he was able to stand for re-election at this time.

The proposed amendment, set out in red text in Appendix 1, allows for specific exemptions to the term limits as determined by the Court. This would facilitate the consideration of any such similar issues in future. Alongside this, the Court would be

asked to consider the specific recommendation that the limit be waived in respect of Deputy Dr Giles Shilson for a temporary one-year basis for the year 2020/21.

RECOMMENDATION

Members are asked to consider a proposed amendment to the Barbican Centre Board's Constitution and Terms of Reference, waiving the nine-year maximum service rule on a temporary basis in respect of Deputy Dr Giles Shilson, to allow for the possibility of his extending his term on the Board for one additional year. Subject to re-election, this would facilitate his service as Deputy Chairman for 2020/21.

MAIN REPORT

Background

1. On 23 April 2008, the Barbican Centre Board resolved that the Town Clerk, in consultation with the Chairman, Deputy Chairman and Barbican Centre Directorate, should undertake a Review of the Committee and its procedures to ensure that it maximises the benefit to the Centre.
2. Following the Review, the Board's Constitution and Terms of Reference were updated, including the introduction of term limits from April 2009, with a maximum continuous service term limit of three terms of three years introduced. This was approved by the Court in September 2008.

Current Position

3. The incumbent Chairman, Deputy Dr Giles Shilson, is now in his third and final term of three years as a Board Member, which is due to end in April 2020. His three-year term as Chairman is also due to end at this point.
4. Ordinarily, the outgoing Chair/Chairman would serve as Deputy Chair/Chairman to ensure a smooth handover and support the new Chair/Chairman in their role. However, under the current provisions of the Board's constitution, the outgoing Chairman cannot take up his right under Standing Order 30(3)(a) to serve as Deputy Chairman for the year 2020/21, as he cannot exceed nine years on the Board.
5. The Chairman has indicated that, subject to the Court's approval and re-election at the April meeting, he would be willing to remain on the Board for an additional year and exercise his right as the immediate past Chairman to serve as Deputy Chairman for the year 2020/21. This would support the new Chair/Chairman and allow a natural progression for the Deputy Chair/Chairman position in April 2021, at which time the extension would expire.
6. Given the knowledge and experience that the current Chairman would continue to bring to the Board, as well as his familiarity with a wide range of issues which the Barbican Centre needs to push forward in the coming year as it implements its new strategic plan and business model, it is considered to be in the best interests of the Board to temporarily alter the Board's Constitution and Terms of Reference. This would have the support of the current Members of the Board, both City and external, and would require the support of the Court.

7. The Policy & Resources Committee is responsible for the review and co-ordination of the governance of the City Corporation which, amongst other things, includes its Committees. Any material changes to Committee terms of reference, therefore, need to be considered by this Committee prior to them being considered by the Court of Common Council.
8. Your Policy & Resources Committee considered the proposal at its 20 February 2020 meeting and endorsed the recommendation of your Barbican Centre Board, for onwards submission to the Court of Common Council.

Proposal

9. Members are asked to support the proposed amendment to the Barbican Centre Board's Constitution and Terms of Reference, together with the specific proposal to grant the incumbent Chairman the option to extend his term on the Board for one additional year. This temporary amendment would ensure that there is support for the next Chair/Chairman in their first year in the role, which would be in the best interests of the new Chair/Chairman, the Board, and the Barbican Centre.

Conclusion

10. Members are asked to recommend that the Court approves the amendment to the Board's Composition and Terms of Reference and agrees to waive the nine-year term limit on the Board in respect of Deputy Dr Giles Shilson, for a one-year period expiring April 2021. This would allow him to seek a one-year extension to his membership on the Board and subsequently allow him to exercise his right, as the immediate past Chairman, to serve as Deputy Chairman for the year 2020/21 and support the new Chair/Chairman in post.
11. This proposal is regarded to be in the best interest of the Barbican Centre and its Board.

Appendices

- Appendix 1 – Draft revised Terms of Reference

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

DATED this 19th day of January 2020.

SIGNED on behalf of the Board.

Deputy Tom Sleigh
Deputy Chair, Barbican Centre Board

BARBICAN CENTRE BOARD

1. **Constitution**

A Non-Ward Committee consisting of,

- eight Members elected by the Court of Common Council for three-year terms, at least one of whom shall have fewer than five years' service on the Court at the time of their appointment.
- Up to seven non-Common Council representatives appointed by the Committee, of which at least two should be drawn from the arts world
- a representative of the Policy & Resources Committee
- a representative of the Finance Committee
- the Chairman of the Board of Governors of the Guildhall School of Music & Drama (ex-officio)
- the Chairman of the Barbican Centre Trust (ex-officio)
- the Chairman of the Culture, Heritage & Libraries Committee (ex-officio)

The Chairman of the Board shall be elected from the City Corporation Members.

There is a maximum continuous service limit of three terms of three years^{*1}.

2. **Quorum**

The quorum consists of any five Members, provided Common Councilmen are in the majority.

3. **Membership 2019/20**

- | | | |
|---|-----|---|
| 9 | (3) | Tom Hoffman, M.B.E., Deputy |
| 6 | (3) | Judith Lindsay Pleasance |
| 9 | (3) | Dr Giles Robert Evelyn Shilson, Deputy |
| 2 | (2) | David Andrew Graves, Alderman |
| 5 | (2) | Wendy Mead, O.B.E. |
| 5 | (2) | Tom Sleigh, Deputy |
| 4 | (1) | Vivienne Littlechild, M.B.E., J.P. |
| 1 | (1) | William Anthony Bowater Russell, Alderman |

Together with the Members and ex-officio Members referred to in paragraph 1 above and:-

Stephen Bediako)	
Russ Carr)	
Gerard Grech)	Up to seven non-Common Council Members appointed by
Lucy Musgrave)	the Board
Jenny Waldman)	
Vacancy)	
Vacancy)	

4. **Terms of Reference**

To be responsible for:-

- (a) the strategic direction, management, operation and maintenance of the Barbican Centre, having determined the general principles and financial targets within which the Centre will operate;
- (b) the appointment of the Managing Director of the Barbican Centre;
- (c) the Centre's contribution to the City of London Corporation's key policy priority, 'Increasing the impact of the City's cultural and heritage offer on the life of London and the nation', viz:-
 - i) the provision of world-class arts and learning by the Centre for the education, enlightenment and entertainment of all who visit it; and
 - ii) the provision of access to arts and learning beyond the Centre;
- (d) the creation of enterprise and income-generating support for the Centre.

¹ other than in specific cases approved by the Court of Common Council.

Report – Freedom Applications Committee

The Honorary Freedom

To be presented on Thursday, 5th March 2020

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

SUMMARY

This report updates the Court on the deliberations of the Freedom Applications Committee regarding the Honorary Freedom.

Following the passing of a motion at Court of Common Council in January 2019, the Freedom Applications Committee commenced the process which could lead to the removal of the Honorary Freedom awarded to Aung San Suu Kyi in 2017. In accordance with this process, the Freedom Applications Committee considered a way forward and recommended that this Honourable Court resolve to suspend the award made to Aung San Suu Kyi which the Court duly did in its meeting on 12 September 2019.

Subsequent to this decision, the Freedom Applications Committee has remained vigilant of the situation. On the basis of recent developments, the Committee has reconsidered its position and now recommends that the Honorary Freedom should be revoked.

The Committee would like to record its appreciation to Munsur Ali for his work in initiating and pursuing this matter, and thanks to him for assisting the Committee in its deliberations throughout the process.

RECOMMENDATION

It is recommended that the Honorary Freedom awarded to Aung San Suu Kyi in May 2017 be revoked with immediate effect.

MAIN REPORT

Background

1. At the meeting of the Court of Common Council on 12 October 2017, a Motion was considered in relation to the award of the Honorary Freedom. As a consequence of these discussions, the Freedom Applications Committee was instructed to undertake a review of the processes associated with the award of the Honorary Freedom, as well as the introduction of a process by which the Honorary Freedom might be revoked. These procedures were devised and endorsed by the Court of Common Council on Thursday 13 September 2018.

2. Resulting from a Court Question at its meeting in December 2018, the Court of Common Council was given notice that a proposal to commence the process to remove the Honorary Freedom would be put to the Court at its next meeting in January 2019. Arising from the discussion at this meeting, the Motion was carried and consequently the Freedom Applications Committee commenced the process to remove the Honorary Freedom awarded to Aung San Suu Kyi in May 2017.
3. The Motion passed on 10 January 2019 was considered to supersede the first part of the agreed process – initial consideration of the possibility of revocation by the Freedom Applications Committee – and the Committee moved to inform the Honorary Freeman of the proposal to remove the Freedom, together with the reasons for the proposal, and invite their comments on it.
4. At its meeting in March 2019, Common Council was advised that the Freedom Applications Committee had dispatched a letter to the Honorary Freeman informing her of the proposal to revoke the Honorary Freedom and the rationale, inviting her comments on it. The Committee would consider, in due course, the next steps in the process in light of any response received, or none.
5. A reasonable time was allowed for the receipt of any response. After this time, the Freedom Applications Committee was mandated to consider any response together with all relevant considerations and decide whether to proceed.
6. At its meeting on 30 July 2019, and in the absence of any response from the Honorary Freeman, the Freedom Applications Committee further deliberated before deciding on a recommendation to be put to the Court of Common Council, that the Honorary Freedom awarded to Aung San Suu Kyi be suspended.
7. At its meeting on 12 September 2019, the Court of Common Council deliberated the Committee's recommendation and agreed to suspend the Honorary Freedom.

Recent Developments

8. On 11 November 2019, The Gambia, (in its capacity as Chair of the Organisation of Islamic Cooperation Ad Hoc Ministerial Committee on Accountability for Human Rights Violations Against the Rohingya) instituted proceedings against the Republic of the Union of Myanmar before the International Court of Justice, the principal judicial organ of the United Nations, alleging violations of the Convention on the Prevention and Punishment of the Crime of Genocide (the "Genocide Convention") through "acts adopted, taken and condoned by the Government of Myanmar against members of the Rohingya group".
9. The case was heard in The Hague between the 10 and 12 December 2019, with the delegation of Myanmar led by Aung San Suu Kyi. The initial proceedings against Myanmar contained a request for the indication of provisional measures, seeking to protect the rights of the Rohingya group under the Genocide Convention, and to prevent the aggravation or extension of the dispute pending the final judgment of the Court.

10. A Special Meeting of the Freedom Applications Committee was convened on 19 December 2019 to consider the proceedings at the ICJ and to assess any implications for the Honorary Freedom awarded to Aung San Suu Kyi. The Committee was of the view that Aung San Suu Kyi's testimony at the ICJ had raised further concerns and could be considered additional relevant evidence sufficient to inform a further decision.
11. The recommendation in September 2019 to suspend rather than revoke the Honorary Freedom was based in part on an allegation of lack of opportunity provided to Aung San Suu Kyi to speak publicly about the events in Myanmar. The Committee acknowledged that her testimony in The Hague had given her that international platform. During her statements to the Court, Aung San Suu Kyi acknowledged that there may have been a disproportionate use of force used by Defence Services and in some cases a disregard of international humanitarian law. She expressed regret that those members of the Myanmar Defence forces found guilty of offences against Rohingya had later been pardoned.
12. The Committee then deliberated its position with regard to the suspended Honorary Freedom and whether to make a further recommendation to the Court of Common Council.
13. The Committee noted that the previous arguments expressed in favour of revocation remained but agreed that the basis of the discussion had changed following Aung San Suu Kyi's leadership of Myanmar's delegation to the ICJ. Based on this personal involvement, and in the continued absence of any response to the City Corporation's correspondence from either the Embassy of Myanmar in London or the State Counsellor's Office, it was felt the case for revocation had strengthened.
14. However, after carefully considering the evidence of the ICJ proceedings and developments since the last Court of Common Council vote, it was agreed that it was not the Committee's will to make a recommendation ahead of any verdict from the ICJ as to do so could be said to pre-empt their decision.

Current Position

15. On 23 January 2020, the ICJ released its initial judgment ruling that provisional measures were required to protect the Rohingya group in Myanmar. The measures are legally binding and compel Myanmar to take effective actions on which they are required to report periodically to the ICJ. The full judgment of the ICJ can be accessed at <https://www.icj-cij.org/files/case-related/178/178-20200123-ORD-01-00-EN.pdf>.
16. Key findings of the ICJ include the following:
 - The ruling made clear that, at this stage, it was not for the Court to pass judgment as to whether genocide had taken place but rather, in order to decide whether provisional measures were necessary, the Court was required to rule on whether acts are capable of falling within the provisions of the Genocide Convention. In the Court's view, at least some of the acts alleged by The Gambia were capable of falling within the provisions of the Convention." (**Paragraph 30**)

- According to The Gambia, not only have the Rohingya been subjected to genocidal acts in the recent past, but there is a grave danger of further such acts because the Government of Myanmar continues to harbour genocidal intent and to commit crimes against members of the Rohingya group. The Gambia thus argues that the Rohingya remaining in Myanmar face grave threats to their existence, placing them in urgent need of protection. **(Paragraph 67)**
 - Myanmar stressed the challenges it is facing, inter alia, in ending an ongoing “internal armed conflict” with the Arakan Army in Rakhine State. It warns that the indication of provisional measures by the Court might reignite internal armed conflict” with the Arakan Rohingya Salvation Army, and undermine its current efforts towards reconciliation. **(Paragraph 68)**
 - The Court was of the opinion that the Rohingya in Myanmar “remain extremely vulnerable.” **(Paragraph 72)**
 - The ruling noted the commitment made by Myanmar during the oral proceedings that it is currently engaged in repatriation initiatives to facilitate the return of Rohingya refugees and its desire “to promote ethnic reconciliation, peace and stability in Rakhine State, and to make its military accountable for violations of international humanitarian and human rights law.” However, the Court held that “these steps do not appear sufficient in themselves to remove the possibility that acts causing irreparable prejudice to the rights invoked by The Gambia for the protection of the Rohingya in Myanmar could occur.” In particular, the Court highlighted that Myanmar has not set out measures aimed specifically at recognising the right of the Rohingya to exist as a protected group under the Genocide Convention. **(Paragraph 73)**
 - The ruling held that despite the presence of an ongoing internal conflict in Rakhine and the consequent security measures in place, Myanmar remains under the obligations imposed on it by the Genocide Convention. In the Court’s assessment, there remains the existence of “a real and imminent risk of irreparable prejudice to the rights protected under the Convention.” **(Paragraph 74)**
17. The case will now proceed to allow a determination on whether genocide has taken place. The Gambia has until July 2020 to submit its case and Myanmar will then have until January 2021 to lodge its response. The ICJ’s final decision therefore will not be known for some time.
18. Separately, the Independent Commission of Enquiry (ICOE) has also reported. The ICOE was established by the President of Myanmar to investigate the Rakhine allegations. It was chaired by a former Deputy Foreign Minister from the Philippines, with three other members, including a former Under Secretary-General of the United Nations from Japan. The Myanmar Government has published the Executive Summary of ICOE’s Final Report which was submitted to the President of Myanmar on 20 January 2020. This can be accessed via the following link <https://www.president-office.gov.mm/en/?q=briefing-room/news/2020/01/21/id-9838>.

19. The ICOE made a series of 22 recommendations on steps to be taken to ensure sustainable peace and development in Rakhine State. It found that war crimes, serious human rights violations, violations of domestic law, and disproportionate use of force took place during security operations between 25 August and 5 September 2017 and “there are reasonable grounds to believe that members of Myanmar’s security forces were involved.” The ICOE report also concluded that allegations regarding genocidal intent on the part of members of Myanmar’s Defence Services have not been substantiated.
20. Aung San Suu Kyi contributed an article to the 23 January 2020 edition of the Financial Times, acknowledging both investigations and arguing that Myanmar should be given time to deliver justice on the war crimes committed. The article can be accessed here: <https://www.ft.com/content/dcc9bee6-3d03-11ea-b84f-a62c46f39bc2>
21. At its meeting on 20 February 2020, the Freedom Applications Committee considered the conclusions of both the ICJ and ICOE before considering its position with regard to the suspended Honorary Freedom and whether to make a further recommendation to the Court of Common Council.
22. The Freedom Application Committee noted that the ICJ was heavily critical of Myanmar, its judgment concluding that there is a real and imminent risk of irreparable prejudice to [the rights of the Rohingya people], and that the steps which Myanmar claimed to have taken in response do not appear sufficient in themselves to remove this possibility.
23. The Committee acknowledged that the findings of both bodies did not reveal personal involvement on the part of Aung San Suu Kyi in the events that had taken place. On this basis, the argument that the Honorary Freedom was awarded in a personal capacity and should continue to be considered so still had merit.
24. However, as a result of Aung San Suu Kyi’s leadership of the Myanmar delegation to the ICJ, it was more difficult for her to be seen as separate from the events in Rakhine State. There is also the continued absence of any contact with the City Corporation in response to the letters from the Chairman of the Freedom Applications Committee. Therefore, the arguments in favour of suspension or not taking action based on an unclear association with and a lack of opportunity to speak out against those events has diminished.
25. Arising from the Committee’s deliberations at and following its meeting on 20 February 2020, it was agreed that the Committee should recommend to the next meeting of the Court of Common Council that the Honorary Freedom awarded to Aung San Suu Kyi be revoked.
26. The Committee recognised that it was open to the Court of Common Council to decide to endorse the recommendation and revoke the Honorary Freedom, defer the recommendation pending more information (such as further judgment from the ICJ), or take no action.

Conclusions

27. The Freedom Applications Committee has actively monitored the situation in Myanmar and discussed the Honorary Freedom at Committee meetings since November 2017, also receiving multiple briefings from the Remembrancer.
28. The Committee, making every effort to consider the case in the context within its complex circumstances and the intricate background behind them, discharged the process by which an Honorary Freedom might be removed as closely as possible in the circumstances of the case.
29. Arising from the Committee's deliberations, the Committee agreed, having discussed the matter at length and acknowledged the valid points raised by Members of the Court of Common Council, that it should recommend to the Court of Common Council in September 2019 that the Honorary Freedom be suspended.
30. Since that time, the Committee has agreed that there was additional relevant evidence sufficient to inform a further decision on the suspended Honorary Freedom.
31. After considering this additional evidence and developments since September 2019 and reviewing the arguments for and against action at each stage of the process, the Committee reached a view that it should recommend to the Court of Common Council that the Honorary Freedom should be revoked.
32. The fact that the ICJ has not yet pronounced on the question of whether genocide has taken place does not appear in point in assessing the question of revocation. Genocide is a matter of technical definition but the factual circumstances which have exercised this honourable Court have now been extensively documented. Nor is the outcome of the provisional measures or of domestic accountability processes relevant because the issue bearing on revocation is what has already occurred and not what amelioration may arise in the future. In ruling in favour of provisional measures, the ICJ has acknowledged the seriousness of events that have taken place in Myanmar since 2017. The separate report from the ICOE only serves to reinforce their findings of past misdeeds and further strengthens the case now for revocation.
33. The Freedom Applications Committee therefore recommends that the Honorary Freedom awarded to Aung San Suu Kyi be revoked with immediate effect.

All of which we subject to the judgement of this Honourable

DATED this 26th day of February 2020.

SIGNED on behalf of the Committee.

Alderman Sir David Wootton
Chairman, Freedom Applications Committee

Report – Standards Appeals Committee

Recommendation of the Standards Appeals Sub Committee

To be presented on Thursday, 5th March 2020

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

SUMMARY

This report presents to the Court of Common Council the outcome of an Appeal made by John Chapman against the findings of a Hearing Sub (Standards) Committee that he had breached the Code of Conduct. As the appointing body for the Standards Appeals Committee, it is now for the Court to note the sanction that was imposed in relation to this Committee and to determine whether or not they feel it appropriate to discharge John Chapman from his membership of it for a period of not less than twelve months.

RECOMMENDATION

That the Court of Common Council notes the sanction imposed and determines whether or not they feel it appropriate to discharge John Chapman from his membership of the Standards Appeals Committee for a period of not less than twelve months.

MAIN REPORT

1. On 11 September 2019, the Town Clerk received a letter from Mr Chapman outlining his intention to appeal decisions taken by the Hearing Sub (Standards) Committee and his grounds for doing so. The Hearing Sub Committee meeting was held on 26 July 2019 and, in response to a complaint received from two Senior Officers of the City Corporation, had concluded unanimously that there had been breaches of the Code of Conduct on the part of Mr Chapman.
2. Accordingly, a Panel was convened, drawn from the Standards Appeals Committee, to hear the appeal.
3. The Appeal Sub Committee met on 16 December 2019, formally received Mr Chapman's written grounds for appeal and determined the procedure the Appeal should follow. Having carefully considered the grounds of appeal raised by Mr Chapman, the Appeal Sub Committee unanimously concluded, the Independent Person being in agreement, that the appeal against the finding that there had been a breach of the Code of Conduct should be dismissed.

4. Having decided to dismiss the grounds for appeal, the Appeal Sub Committee then considered the sanctions originally imposed by the Hearing Sub Committee and the appropriateness of these.
5. In summary, the Appeal Sub Committee quashed the sanction of censure and quashed the requirement for a written apology imposed by the Hearing Sub Committee on the basis that they did not feel that the Hearing had the power, under the Complaints Procedure, to direct this. Instead, the Panel recommended that the subject member be removed from any Standards Appeal Committee as well as the Property Investment Board for a period to be determined by the relevant appointing bodies. The Appeal Sub Committee recommended that the subject member be removed from both bodies for a period of no less than 12 months. The Appeal Sub Committee also concluded that the outcome of this appeal should be set out in public minutes and reported to the Standards Committee, which happened on 24 January 2020. They requested that a notice also be placed on the Members' Notice Board and this too has already been actioned.
6. It is important to note that this is not an opportunity to redetermine the appeal as that process has now been exhausted. However, the implementation of the sanctions recommended by the appeal process are now, essentially, in the determination of the relevant appointing bodies – the Court of Common Council in the case of the Standards Appeals Committee and the Investment Committee in the case of the Property Investment Board.
7. As the appointing body for the Standards Appeals Committee, the Court of Common Council is therefore now invited to consider the sanction relating specifically to this and to decide whether or not they feel it is appropriate to discharge John Chapman from his membership of this body for a period of no less than twelve months at the recommendation of both the Standards Appeal Committee and the Hearing Sub Committee before it.

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

DATED this 16th December 2019.

SIGNED on behalf of the Sub Committee.

Alderman Timothy Hailes
Chairman, Standards Appeal Sub Committee

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