



Finance Committee

Date: TUESDAY, 18 FEBRUARY 2020

Time: 1.45 pm

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

Members:

Jeremy Mayhew (Chairman)	Andrew McMurtrie
Deputy Jamie Ingham Clark (Deputy Chairman)	Deputy Robert Merrett
Rehana Ameer	Andrien Meyers
Randall Anderson	Deputy Hugh Morris
Nicholas Bensted-Smith	Benjamin Murphy
Chris Boden	Alderman Sir Andrew Parmley
Deputy Roger Chadwick	Susan Pearson
Dominic Christian	William Pimlott
John Fletcher	Deputy Henry Pollard
Michael Hudson	James de Sausmarez
Deputy Wendy Hyde	John Scott
Deputy Clare James	Ian Seaton
Alderman Gregory Jones QC	Graeme Doshi-Smith
Alderman Alastair King	Sir Michael Snyder
Gregory Lawrence	Deputy James Thomson
Tim Levene	Deputy Philip Woodhouse
Oliver Lodge	Deputy Catherine McGuinness (Ex- Officio Member)
Alderman Nicholas Lyons	Simon Duckworth (Ex-Officio Member)
Paul Martinelli	Deputy Tom Sleight (Ex-Officio Member)

Enquiries: John Cater
tel. no.: 020 7332 1407
john.cater@cityoflondon.gov.uk

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

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting held on 21st January 2020.
For Decision
(Pages 1 - 8)
4. **ANNUAL REVIEW OF THE COMMITTEE'S TERMS OF REFERENCE**
Report of the Town Clerk.
For Decision
(Pages 9 - 12)
5. **UPDATES TO THE FINANCE GRANTS OVERSIGHT AND PERFORMANCE SUB-COMMITTEE TERMS OF REFERENCE**
Report of the Town Clerk.
For Decision
(Pages 13 - 16)
6. **FINANCE COMMITTEE'S FORWARD PLAN**
Report of the Chamberlain.
For Information
(Pages 17 - 18)
7. **REPORT OF THE WORK OF THE SUB-COMMITTEES**
Report of the Town Clerk.
For Information
(Pages 19 - 20)
8. **DRAFT PUBLIC MINUTES OF THE JOINT MEETING OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE AND THE RESOURCE ALLOCATION SUB-COMMITTEE HELD ON 23 JANUARY 2020**
To receive the public minutes of the joint meeting of the Efficiency and Performance Sub Committee and the Resource Allocation Sub-Committee with Committee Chairmen.
For Information
(Pages 21 - 24)
9. **CITY FUND BUDGET REPORT AND MEDIUM-TERM FINANCIAL STRATEGY**
Report of the Chamberlain.

To Follow.
For Decision

10. **REVENUE AND CAPITAL BUDGETS**
Report of the Chamberlain.

To Follow.

For Decision
11. **PENSION FUND - ACTUARIAL VALUATION AS AT 31 MARCH 2019**
Report of the Chamberlain.

For Decision
(Pages 25 - 30)
12. **BUSINESS RATES UPDATE**
Report of the Chamberlain.

For Information
(Pages 31 - 36)
13. **IRRECOVERABLE NON-DOMESTIC RATES**
Report of the Chamberlain

For Decision
(Pages 37 - 42)
14. **CHANGES TO PROCUREMENT CODE PART 1**
Report of the Chamberlain.

For Decision
(Pages 43 - 46)
15. **FINANCIAL SERVICES DIVISION - QUARTERLY UPDATE**
Report of the Chamberlain.

For Information
(Pages 47 - 52)
16. **RISK MANAGEMENT - TOP RISKS**
Report of the Chamberlain.

For Information
(Pages 53 - 68)
17. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.

For Information
(Pages 69 - 72)
18. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.

For Information
(Pages 73 - 74)
19. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

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

For Decision

Part 2 - Non-Public Agenda

22. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 21st January 2020.

For Decision
(Pages 75 - 78)

23. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.

For Information
(Pages 79 - 80)

24. **DRAFT NON-PUBLIC MINUTES OF THE JOINT MEETING OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE AND THE RESOURCE ALLOCATION SUB-COMMITTEE HELD ON 23 JANUARY 2020**

To receive the non-public minutes of the joint meeting of the Efficiency and Performance Sub Committee and the Resource Allocation Sub-Committee with Committee Chairmen.

For Information
(Pages 81 - 86)

25. **DISPUTE UPDATE**
Report of the Chamberlain.

For Information
(Pages 87 - 92)

26. **BARBICAN BACKSTAGE ISSUES**
Report of the Managing Director of the Barbican Centre.

For Decision
(Pages 93 - 96)

27. **BRIDGE HOUSE ESTATES (BHE): RESERVES POLICY AND ALLOCATION OF FUNDING FOR 'BRIDGING DIVIDES' ACTIVITIES**
Report of the Chamberlain.

For Information
(Pages 97 - 100)

28. **BRIDGE HOUSE ESTATES (BHE) - RESERVES POLICY**
Report of the Chamberlain.

For Decision
(Pages 101 - 106)

29. **BRIDGE HOUSE ESTATES (BHE): ALLOCATION OF FUNDING FOR 'BRIDGING DIVIDES' ACTIVITIES**
Report of the Chamberlain.
For Decision
(Pages 107 - 112)
30. **WRITE-OFF OF OUTSTANDING DEBT - TFL SURFACE TRANSPORT**
Report of the Director of the Built Environment.
For Decision
(Pages 113 - 116)
31. **NON-DOMESTIC RATES - REVIEW OF DISCRETIONARY RATE RELIEF**
Report of the Chamberlain.
For Decision
(Pages 117 - 122)
32. **CITY'S ESTATE - LEASE RESTRUCTURE FOR A CAPITAL PREMIUM & LEASEHOLD ACQUISITION (REQUEST FOR DELEGATED AUTHORITY)**
Report of the City Surveyor.
For Decision
(Pages 123 - 136)
33. **CONTINGENCIES APPENDIX**
Appendix to ITEM 17.
For Information
(Pages 137 - 140)
34. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
35. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

This page is intentionally left blank

FINANCE COMMITTEE

Tuesday, 21 January 2020

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 21 January 2020 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Tim Levene
Deputy Jamie Ingham Clark (Deputy Chairman)	Oliver Lodge
Randall Anderson	Alderman Nicholas Lyons
Nicholas Bensted-Smith	Andrien Meyers
Deputy Roger Chadwick	Deputy Hugh Morris
John Fletcher	William Pimlott
Michael Hudson	James de Sausmarez
Deputy Wendy Hyde	John Scott
Deputy Clare James	Deputy Philip Woodhouse
Alderman Gregory Jones QC	Simon Duckworth (Ex-Officio Member)
Alderman Alastair King	

Officers:

John Cater	- Town Clerk's Department
Simon Latham	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Nicholas Gill	- City Surveyor's Department
Peter Young	- City Surveyor's Department
Sean Green	- Chamberlain's Department
Laura Yeo	- Chamberlain's Department
Sanjay Odedra	- Communications Team
Steven Reynolds	- Chamberlain's Department

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Dominic Christian, Graeme Doshi-Smith, Gregory Lawrence, Paul Martinelli, Andrew McMurtrie, Deputy Robert Merrett, Susan Pearson, Deputy Henry Pollard, Ian Seaton, and Deputy James Thomson.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 10th December 2019 be approved as an accurate record.

4. **FINANCE COMMITTEE'S FORWARD PLAN**

The Committee received a Report of the Chamberlain which set out the forward plan of the Committee.

RESOLVED – That the Committee notes the report.

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

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

RESOLVED – That the Committee notes the Report.

6. **OPERATIONAL SERVICES BUDGET ESTIMATES AND HIGH-LEVEL SUMMARY BUSINESS PLAN 2020/21**

The Committee considered a Report of the Chamberlain concerning budget estimates and the high-level summary Business Plan.

The Chamberlain opened the discussion by remarking that officers had responded to a Member request to present details of the revenue budget alongside the high-level departmental business plans; for the first time, this Report brought both these aspects together. The Chairman welcomed the Report but asked that, after taking into account any one-off factors, next year's iteration includes more narrative about the underlying changes in the budget. The Deputy Chairman also encouraged officers to incorporate more narrative on the capital requirements.

A Member highlighted some of the feedback from the staff survey, namely, the 27% of respondents who believe that the Corporation handled change well, and the 24% of respondents who believe that the staff survey responses will be taken seriously. The Chamberlain responded that, whilst there was room for improvement, the context should be kept in mind; as thoughts turned to the Fundamental Review, morale, across the organisation had been dented. It was anticipated that with the FR process evolving, alongside an increase to internal communications, morale and confidence across the workforce would improve. The Chamberlain asked Members to hold fire for now and review the feedback after the next survey in 2021.

In response to a Member asking about the rate of depreciation of the Old Bailey complex, the Chamberlain responded that this was directly due to the increased amount (£884,000) of expenditure being allocated for repairs and maintenance.

A Member asked whether, given the Corporation's continued commitment to driving efficiencies, BHE should also be subject to efficiency targets. The Chairman responded that Members and officers should tread carefully given the charitable aims of BHE. There was scope, however, to look at whether

efficiencies could be found in the CGU as part of the BHE Strategic Review, due to conclude in summer 2020.

The Chamberlain added that he was confident that the material one-offs will not recur to the same extent in FY 2020/21.

RESOLVED – That the Committee approved the following:

- i) review and approve the Finance Committee operational services proposed revenue budget for 2020/21 of £70.270m as set out in table 1;
- ii) note the approved capital and supplementary revenue projects budgets for 2020/21 (appendix 6);
- iii) authorise the Chamberlain to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews, and changes to the Cyclical Works Programme;
- iv) agree that minor amendments for 2019/20 and 2020/21 budgets, arising during budget setting, be delegated to the Chamberlain;
- v) note the factors taken into consideration in compiling the Chamberlain's Department's Business Plan, including efficiency measures; and
- vi) approve, subject to the incorporation of any changes sought by this Committee, the final high-level summary Business Plan of the Chamberlain's Department for 2020/21 detailed in appendix 7.

7. **Q3 QUARTERLY BUDGET MONITORING**

The Committee received a Report of the Chamberlain concerning revenue budget monitoring.

Members noted the adjustment of the Property Investment Income budgets and asked that they be kept regularly abreast of the impact of this realignment, particularly given the uncertain outlook, post-Brexit, for the commercial real estate sector over the medium term.

A Member emphasised that, whilst an increase to the frequency of property disposals would, in the short term, provide a logical and welcome benefit to the Corporation's financial position, this would, in the longer term, adversely impact the overall level of rental income; this should be kept in mind when the Property Investment Income budget was being considered again in the future.

Highlighting the Barbican Centre's adverse variance (£1.4m), the Chairman assured Members that he and fellow Members of the Efficiency & Performance Sub-Committee had recently emphasised the importance to the Managing Director of the Barbican Centre and his senior team of getting the Centre's finances in good order before financial year end and, indeed, over the medium term.

RESOLVED – That the Committee notes the report.

8. **PROVISION FOR BAD AND DOUBTFUL DEBTS - PROPOSED METHODOLOGY 2019/20**

The Committee received a Report of the Chamberlain concerning the provision provided for bad and doubtful debts.

RESOLVED – That the Committee approved the following:

The Corporation to adopt the proposed approach (as outlined below) by which debt will be analysed and provisions determined for the year ending 31st March 2020, namely:

- review aged debt report at 31st March with debtor balances analysed into aged brackets;
- examine debt identified as bad or doubtful by Comptrollers;
- evaluate significant debts on individual customer basis;
- make 100% provision for debts, relating to former tenants that are not captured in a formal repayment; and
- apply a provision matrix for remaining debt with varying percentages based on historical loss rates adjusted for current knowledge; and, for City Fund debt only, also adjusted to reflect relevant future economic factors.

9. **RISK MANAGEMENT - TOP RISKS**

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

Officers reassured Members that the Information Security Risk would be the subject of a thorough discussion at the next meeting of the Digital Services Sub-Committee on 24th January.

RESOLVED – That the Committee notes the report.

10. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT - QUARTER 3 2019-2020**

The Committee received a Report of the Chamberlain concerning the work of City Procurement, including key performance indicators and areas of progress.

Whilst highlighting the positive direction of travel with efforts to reduce waivers, the Commercial Director noted that further improvement was required; a thorough discussion would take place at the next meeting of the Procurement Sub-Committee (6th February). The Chairman, whilst acknowledging that the waiver process may need to be reviewed to assist officers, encouraged the Procurement team to remain tough, particularly when faced with non-compliant waivers, of which there remained too many, especially in some departments.

In response to Members highlighting the Barbican Centre's high number of non-compliant waivers, both the Commercial Director and the Chairman of the Procurement Sub-Committee confirmed that the Managing Director of the

Barbican Centre was working with Procurement to reduce this number, and would be attending a meeting of the Sub-Committee to outline the Barbican's actions in this area.

RESOLVED – That the Committee notes the report.

11. **CENTRAL CONTINGENCIES**

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

The Chairman informed Members that he had asked the Central Grants Unit to look at the practicalities of the Corporation making a £15,000 donation, via Finance Committee's International Disaster Fund, to support efforts to respond to the recent Australian bushfires. This sum would be in addition to the Hospitality Working Party's recent agreement to host a fundraising dinner for the Australian High Commission in March (estimated cost: £15,000), it was also suggested that formal confirmation of the proposed donation might be announced at the Dinner, if not before.

A Member pointed out that if the £15,000 was donated, without further calls on the Fund, £35,000 would be left over by the financial year end. The Chairman suggested that if either £50,000 or £35,000 was left unallocated by 31st March these should be carried forward into FY 2020/21.

Separately, the Chairman informed Members that he had been approached by officers to approve the allocation of up to £400,002 from the 2019 City Fund Finance Committee Contingency Fund to facilitate a leaseback arrangement for Wood Street police station. This sum would cover additional rent payable of £66,667 per calendar month for a period of up to 6 months from 10th December 2020, should the need arise.

Members endorsed the Chairman's proposal that the sum shall be carried forward from the contingency into the 2020 financial year and ringfenced for draw-down for this specific purpose during the 2020/21 and 2021/22 financial years, as appropriate. Any unspent funds will not be added back to the general Finance Contingency Fund.

RESOLVED – that the Committee notes the report

12. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

The Committee considered a report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order 41(b). The decision related to the International Disaster Fund donation to the Red Cross to support the Rohingya people.

RESOLVED – That the Committee notes the report.

12a. **ANNUAL ON-STREET PARKING ACCOUNTS 2018/19 AND RELATED FUNDING OF HIGHWAY IMPROVEMENTS AND SCHEMES**

The Committee received a Report of the Chamberlain concerning the Annual On-Street Parking Accounts 2018/19.

RESOLVED – That the Committee notes the report.

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

There were no questions.

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

There were no urgent items.

15. **EXCLUSION OF THE PUBLIC**

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

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

The non-public minutes of the meeting held on 10th December 2019 were approved as an accurate record.

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

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

RESOLVED – That the Committee notes the Report

18. **CITY FUND ESTATE - ANNUAL UPDATE & STRATEGY FOR 2020**

The Committee received a Report of the City Surveyor concerning the City Fund Estate.

RESOLVED – That the Committee notes the report.

19. **CITY'S ESTATE - ANNUAL UPDATE AND STRATEGY FOR 2020**

The Committee received a Report of the City Surveyor concerning the City's Estate.

RESOLVED – That the Committee notes the report.

20. **STRATEGIC PROPERTY ESTATE (CITY FUND & CITY'S ESTATE) - ANNUAL UPDATE & STRATEGY FOR 2020**

The Committee received a Report of the City Surveyor concerning the Strategic Property Estate (SPE).

RESOLVED – That the Committee notes the report.

21. **BRIDGE HOUSE ESTATES - ANNUAL UPDATE AND STRATEGY FOR 2020**
The Committee received a Report of the City Surveyor concerning the Bridge House Estates.

RESOLVED – That the Committee notes the report.

22. **CITY'S ESTATE: THE GRAFTON SITE - DEVELOPMENT AGREEMENT SURRENDER OF EXISTING LEASES AND GRANT OF NEW 250 YEAR GROUND LEASE**

The Committee considered a Report of the City Surveyor concerning the Grafton Site.

23. **BRIDGE HOUSE ESTATES: RENNIE GARDEN, BLACKFRIARS ROAD SE1 - RENOVATION WORKS**

The Committee received a Report of the City Surveyor concerning Rennie Garden.

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

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

25. **CONTINGENCIES - NON-PUBLIC APPENDIX**

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

There were no non-public questions relating to the work of the Committee.

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

There were no items of urgent business.

The meeting ended at 3.00 pm

Chairman

Contact Officer: John Cater
tel. no.: 020 7332 1407
john.cater@cityoflondon.gov.uk

This page is intentionally left blank

Committee: Finance Committee	Date: 18 February 2020
Subject: Annual Review of the Committee's Terms of Reference	Public
Report of: Town Clerk	For Decision
Report author: John Cater, Town Clerk's Department	

Summary

As part of the post-implementation review of the changes made to the governance arrangements in 2011, it was agreed that all committees should review their terms of reference annually. This enables any proposed changes to be considered in time for the reappointment of Committees by the Court of Common Council.

It is not proposed to make any amendments to the Committee's Terms of Reference. The Terms of Reference of the Finance Committee are attached as an appendix to this report for your consideration.

Recommendation

That the Committee:

- a) subject to any comments and agreement, approves the Terms of Reference of the Finance Committee for submission to the Court, as set out in the appendix 1;
- b) considers the frequency of meetings of the Committee; and
- c) agrees that any changes to the Terms of Reference required in the lead up to the appointment of Committees be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman.

Main Report

Review of the Committee's Terms of Reference and Frequency of Meetings

1. There are no amendments which are proposed to the Committee's Terms of Reference.
2. These proposed amendments are set out within the Terms of Reference set out at Appendix 1.
3. In addition, Members are asked to consider the frequency of meetings for the Committee. Currently meetings of the Committee are scheduled to be held every four weeks. In the 2020/2 civic year, eleven meetings of the Committee are currently scheduled.

Appendices

- Appendix 1 – Finance Committee Terms of Reference

Contact:

John Cater

Telephone: 020 7332 1407

Email: John.Cater@cityoflondon.gov.uk

FINANCE COMMITTEE

1. Constitution

A Ward Committee consisting of,

- four Aldermen nominated by the Court of Aldermen
- up to 31 Commoners representing each Ward (two representatives for the Wards with six or more Members regardless of whether the Ward has sides) or Side of Ward
- the Chairman and Deputy Chairman of the Policy & Resources Committee (ex-officio)
- the Chairman and Deputy Chairman of the Investment Committee (ex-officio)

2. Quorum

The quorum consists of any nine Members.

3. Terms of Reference

To be responsible for:-

Finance

- (a) Ensuring effective arrangements are made for the proper administration of the City Corporation's financial affairs;
- (b) making recommendations to the Court of Common Council in respect of:
 - (i) the audited accounts, the Annual Budget and to recommend the non-domestic rate and Council Tax to be levied and to present the capital programme and make recommendations as to its financing;
 - (ii) the appointment of the Chamberlain;
- (c) considering the annual budget of several committees, to ascertain that they are within the resources allocated, are applied to the policies for which those resources were allocated, and represent value for money in the achievement of those policies;
- (d) determining annually, with the Resource Allocation Sub-Committee, the appropriate performance return bench marks for the City's and Bridge House Estates;
- (e) obtaining value for money in all of the City of London Corporation's contracts, and in the City of London Police;
- (f) monitoring performance against individual Departmental Business Plans and bringing about improvements in performance;
- (g) the effective and sustainable management of the City of London's operational assets, to help deliver strategic priorities and service needs;
- (h) overseeing the City of London Corporation's approved list of contractors and consultants;
- (i) dealing with requests for allowances, expenses, insurance, business travel, treasure trove and Trophy Tax;
- (j) providing strategic oversight and performance management of all grant giving activity by the Corporation, excluding the City Bridge Trust.
- (k) strategies and initiatives in relation to energy;

Sub-Committees

- (m) appointing such Sub-Committees as are considered necessary for the better performance of its duties including the following areas:

Efficiency & Performance

The Efficiency & Performance Sub Committee was created in 2011 to scrutinise plans for efficiency and performance across all of the City Corporation's departments and the City of London Police. It supports officers to drive value for money in areas such as third-party contracts, budgeting and facilities/asset management, and promotes effective planning - both on a departmental basis and for the Corporation as a whole.

Finance Grants Oversight and Performance

The Finance Grants Oversight and Performance Sub Committee provides strategic oversight of the City of London Corporation's Central Grants Programme, including reviewing progress, performance, impact against outcomes, and risks for all grants.

Digital Services

The Digital Services Sub Committee recommends Digital Services and Information Management strategy for both the City of London Corporation and the City of London Police to the Finance Committee. Furthermore, the Sub Committee also oversees the implementation of said strategy. The delivery of digital services internally by both officers and our contractor partners is also within the remit of the DSSC. It also has the additional responsibilities of overseeing IT Security practices and compliance and Data Protection compliance (all media including paper) i.e. personal data processed wholly or partly by electronic means of which forms part of, or is intended to form part of a physical filing system.

Corporate Assets

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

Procurement Sub

The Procurement Sub Committee is responsible for scrutinising value for money on all City of London Corporation and City of London Police procurement contracts above £2m (total contract value) at key stages, including initial tender strategy to final contract award sign off; and for considering and recommending all procurement contracts above £4m to the Court of Common Council. In addition, to invite representative(s) from the relevant Spend Committee to attend meetings ensuring decisions are made corporately; and to provide officers with advice focused specifically on value for money, and consider lessons learned when major contracts are coming to an end (i.e. before the (re) tender process begins.

Additionally, the Sub Committee is responsible for reviewing and considering approvals of £50k+ waivers for the Chamberlain's department contracts; and to review and scrutinise procurement projects or supplier contracts more forensically in terms of value for money, contract performance, contract disputes or commercial negotiations, when requested by the Finance Committee. Finally, the Sub Committee is to work with the Grand Committee to review and to monitor performance against the Chamberlain's Departmental Business Plan and related corporate initiatives in order to promote value for money and ensure compliance with the UK Public Contract Regulations and the Corporation's Procurement Code.

Committee(s): Finance Committee – For decision	Date(s): 18 February 2020
Subject: Updates to the Finance Grants Oversight and Performance Sub-Committee	Public
Report of: Town Clerk & Chief Executive	For Decision
Report author: Chloe Rew, Committee and Members Services Officer	

Summary

This report proposes amendments to the Finance Grants Oversight and Performance Sub-Committee Terms of Reference.

Recommendation(s)

Members are asked to agree the proposed changes to the Finance Grants Oversight and Performance Sub-Committee Terms of Reference to include the following:

- strategic oversight of the wider work of the Central Grants Unit;
- oversight and scrutiny of the allocations and disbursements of the City of London Corporation’s Community Infrastructure Levy Neighbourhood Fund; and,
- oversight and scrutiny of the City of London Corporation’s use of its facilities as Benefits in Kind to external organisations.

Main Report

1. The Terms of Reference of the Finance Grants Oversight and Performance Sub-Committee currently state that the Sub-Committee provides strategic oversight of the City of London Corporation Central Grants Programme (CGP), including reviewing progress, performance, impact against outcomes and risks for all grants.
2. The Central Grants Unit (CGU) was established in October 2016 to manage the effectiveness of the CGP based on recommendations of the Effectiveness of Grants Service Based Review (SBR).
3. The CGU is co-located with the City Bridge Trust (CBT) team in order to facilitate consistency of approach and harmonise service standards across grant-making activities by the City Corporation (in its various capacities, including as trustee of a number of charities which form part of the CGP). The Chief Grants Officer, responsible for the grant-making activities of CBT is also responsible for maintaining an overview of the CGU (and broader charity matters), with relevant input from the Charities Finance Team (Chamberlain’s Department), with the work being delivered by the Head of Central Grants Programme (HCGP).
4. Due to the success of the CGU, in May 2019 the Policy & Resources Committee agreed that the City Community Infrastructure Levy (CIL) Neighbourhood Fund be

managed by the City CGU. The management of the CIL Neighbourhood Fund by the CGU will widen the scope of activities overseen by the Sub-Committee.

5. The CGU is now also being approached to administer other grants (including charitable grants) which are the responsibility of the City Corporation in its various capacities, and also to provide grant-making support in respect of grants that do not form part of the CGP.
6. These additional matters and activities will be reported to the Finance Grants Oversight and Performance Sub-Committee to the extent that they fall within its remit and will be relevant to the setting of the Sub-Committee's Terms of Reference.
7. The proposed changes to the Terms of Reference include reference to the scrutiny of the administration of the CIL Neighbourhood Fund by the CGU, and also to more clearly reflect other oversight activities of the Sub-Committee such as the scrutiny of Benefits in Kind offered across the City Corporation.
8. The proposed changes to the Terms of Reference would extend the Sub-Committee's oversight to include strategic oversight of the wider work of the CGU; oversight and scrutiny of the allocations and disbursements of the City of London Corporation's CIL Neighbourhood Fund; and, oversight and scrutiny of the City of London Corporation's use of its facilities as Benefits in Kind to external organisations.
9. The Finance Grants Oversight and Performance Sub-Committee was informed of these proposed changes at its meeting on 21 January 2020 and the Sub-Committee agreed that the updated Terms of Reference be brought to your Committee at the next meeting.

Conclusion

10. Members are asked to agree the proposed changes to the Terms of Reference extending the Sub-Committee's oversight to include strategic oversight of the wider work of the CGU; oversight and scrutiny of the allocations and disbursements of the City of London Corporation's Community Infrastructure Levy Neighbourhood Fund; and, oversight and scrutiny of the City of London Corporation's use of its facilities as Benefits in Kind to external organisations.

Appendices

- Appendix 1 – Terms of Reference: Current Position
- Appendix 2 – Terms of Reference: Proposed Amendments

Chloe Rew

Committee and Members Services Officer

T: 020 7332 1427

E: chloe.rew@cityoflondon.gov.uk

Appendix 1 – Terms of Reference: Current Position

Finance Grants Oversight and Performance Sub-Committee Terms of Reference

The Finance Grants Oversight and Performance Sub Committee provides strategic oversight of the City of London Corporation’s Central Grants Programme, including reviewing progress, performance, impact against outcomes, and risks for all grants.

Composition

Between 9-13 Members in total

- Chairman of the Finance Committee
- Deputy Chairman of the Finance Committee
- Members of the Finance Committee, appointed by the Finance Committee (this minimum includes the Chairman and Deputy Chairman of the Grand Committee)
- Co-opted Members of the wider Court of Common Council, appointed on a case-by-case basis by the Finance Committee.

Chairmanship

- Chairman – To be nominated by the Chairman of the Finance Committee for approval by the Finance Committee.
- Deputy Chairman – To be appointed by the Chairman of the Sub-Committee for approval by the Finance Committee.

Terms of Reference

- To provide strategic oversight of the City of London Corporation Central Grants Programme (‘the Programme’), including reviewing progress, performance, impact against outcomes and risks for all grants
- To ensure the Programme is compliant with any obligations under the Local Government Transparency Code 2015 and the Equality Act 2010
- To approve and deploy a performance management framework in respect of the Programme
- To assess performance of the Programme against Charity Commission best practice guidelines, as relevant
- To make recommendations to the relevant grant-giving Committees on any performance issues or issues with specific grants
- To provide the Resource Allocation Sub (Policy and Resources) Committee with an annual report regarding performance of the Programme and recommendations in setting the City’s Cash and City Fund allocations to the Programme themes

Appendix 2 – Terms of Reference: Proposed Changes

Finance Grants Oversight and Performance Sub-Committee Terms of Reference

The Finance Grants Oversight and Performance Sub Committee provides strategic oversight of the City of London Corporation's Central Grants Programme *and the wider work of the Central Grants Unit*, including reviewing progress, performance, impact against outcomes, and risks for all grants.

Composition

Between 9-13 Members in total

- Chairman of the Finance Committee
- Deputy Chairman of the Finance Committee
- Members of the Finance Committee, appointed by the Finance Committee (this minimum includes the Chairman and Deputy Chairman of the Grand Committee)
- Co-opted Members of the wider Court of Common Council, appointed on a case-by-case basis by the Finance Committee.

Chairmanship

- Chairman – To be nominated by the Chairman of the Finance Committee for approval by the Finance Committee.
- Deputy Chairman – To be appointed by the Chairman of the Sub-Committee for approval by the Finance Committee.

Terms of Reference

- To provide strategic oversight of the City of London Corporation Central Grants Programme ('the Programme') *and the wider work of the Central Grants Unit*, including reviewing progress, performance, impact against outcomes and risks for all grants
- To ensure the Programme is compliant with any obligations under the Local Government Transparency Code 2015 and the Equality Act 2010
- To approve and deploy a performance management framework in respect of the Programme
- To assess performance of the Programme against Charity Commission best practice guidelines, as relevant
- To make recommendations to the relevant grant-giving Committees on any performance issues or issues with specific grants
- To provide the Resource Allocation Sub (Policy and Resources) Committee with an annual report regarding performance of the Programme and recommendations in setting the City's Cash and City Fund allocations to the Programme themes
- *To have oversight and scrutiny of the allocations and disbursements of the City of London Corporation's Community Infrastructure Levy Neighbourhood Fund*
- *To have oversight and scrutiny of the City of London Corporation's use of its facilities as Benefits in Kind to external organisations*
- *To be kept up to date with the wider work of the Central Grants Unit*

Finance Committee – Work Programme 2020

Changes are highlighted in yellow

Meeting:	March	April	May	June	July	September	October	November	December
BUDGET SETTING PROCESS & MEDIUM-TERM FINANCIAL PLANNING									
EFFECTIVE FINANCIAL MANAGEMENT ARRANGEMENTS FOR THE CITY CORPORATION			Interest Rates on Internal Loan requests - update and review		Capital Outturn Report Q1 Budget monitoring Provisional outturn report				
FINANCIAL STATEMENTS					Draft city fund and pension fund statement of accounts Draft BHE statement of accounts		City Fund and Pension fund financial statements – Audit completion	City’s Cash Financial Statements City’s Cash trust finds and sundry trust funds annual reports and financial statements	
FINANCE COMMITTEE AS A SERVICE COMMITTEE		Central Contingencies Risk Management - Quarterly Report Business plan update IT Division Q Update	Central Contingencies Chamberlain's Department Risk Management - Quarterly Report CHB Business Plan – End of Year Update City Procurement Q Update	Central Contingencies Risk Management – Monthly Report Financial Services Division Quarterly Update	Central Contingencies Risk Management – Monthly Report IT Division Q Update Business plan update	Central Contingencies Chamberlain's Department Risk Management - Quarterly Report City Procurement Q Update	Central Contingencies Risk Management Monthly Report Financial Services Division Quarterly Update	Central Contingencies Risk Management Monthly Report IT Division Q Update Business plan update	Central Contingencies Chamberlain's Department Risk Management - Quarterly Report City Procurement Q Update

This page is intentionally left blank

Committee: Finance Committee	Date: 18 February 2020
Subject: Public Report of the work of the Sub-Committees	Public
Report of: Town Clerk	For Information
Report author: John Cater, Town Clerk's Department	

Summary

On 19 July 2016, the Finance Committee agreed that, in addition to draft minutes of Sub-Committee meetings, short reports be provided to advise the Committee of the main issues considered by the Sub-Committees at recent meetings. This report sets out some of the main public issues considered by the following Sub Committees since 21st January 2020:

Digital Services Sub-Committee – 24th January 2020

DESIGN, BUILD, SUPPORT AND HOSTING FOR NEW WEBSITE

The Sub-Committee received a report of the Town Clerk (Director of Communications) on the Design, build, support and hosting for the new website.

The Digital Publishing and Content Strategy Lead briefed the Sub-Committee on the progress so far with the new website developments. Members were pleased to learn that the project has a green status as well as it currently being on time, on budget, and within the projects scope.

A Member inquired what has been done in terms of user testing. The Project Manager of the new website informed the Sub-Committee that many tests have been carried out with real users to identify areas of improvements and debugging. Another Member asked if the URLs published in the various City print and on-line publications would be supported in the new website structure. The Manager stated that they would be supported.

RESOLVED – that the Sub-Committee notes the report

Corporate Asset Sub-Committee – 29th January 2020

THE GUILDHALL CONSERVATION MANAGEMENT PLAN (CMP)

Corporate Asset Sub-committee considered a report of the City Surveyor providing a Conservation Management Plan for the Guildhall Complex, which concentrated on the Great Hall and Old Library and had been created to ensure that they were being maintained to modern day conservation standards. The plan would guide proposals for the buildings' ongoing use, maintenance and repair.

It was proposed introducing management plans and guidance for maintaining the City Corporation's key historic assets, with it being acknowledged that there are a number of important historic buildings within the complex. It would help focus minds, ensure no

areas were overlooked and also feed into long-term planning when considering where work was needed.

It was stressed sustainability would be an important factor when considering how to maintain and treat the building. It was stressed climate change would be an increasingly important factor given the variations in temperature and the long-term plan would need to focus on key areas in this regard.

The Sub-committee resolved that the Conservation Management Plan policies be approved.

Procurement Sub-Committee – 6th February 2020

CHANGES TO PROCUREMENT CODE PART 1

The Sub Committee considered a report of the Chamberlain requesting changes to the Procurement Code which would take effect from 1st April 2020. The main changes related to:

- Procurement thresholds and processes (Rule 15)
- Contracts lettings thresholds (Rule 16)
- Waiver process (Rule 25)
- Contract changes (Rules 30-33)
- Prompt payment (Rule 43)
- Responsible Procurement Policy (Rule 46)
- Social Value Panel (Rule 48)

During the course of debate and in response to questions from Members, the Sub Committee was advised that the proposed increase in the threshold under Rule 15 would also apply to waivers (Rule 25) and that many of the changes proposed were to align with other requirements such as EU and contract letting thresholds.

Following concerns raised by Members in respect of the removal of Rule 43, Officers gave assurances that the removal of this rule would not impact on the current practice of prioritising payments for SMEs but would reduce internal bureaucracy. Members were pleased that payments to SMEs would continue to be prioritised and requested that payments to SMEs be included as a target in future Quarterly Progress Reports in order to maintain oversight of performance in this area. Officers were supportive of this approach as a way of monitoring performance in this area whilst assessing the impact of the removal of Rule 43.

The Sub Committee approved the changes to the Procurement Code with these changes to take effect from 1 April 2020.

Recommendations

The Committee is asked to note the report.

John Cater

Senior Committee Services Officer, Town Clerk's Department
john.cater@cityoflondon.gov.uk

JOINT MEETING OF THE RESOURCE ALLOCATION SUB (POLICY AND RESOURCES) COMMITTEE AND EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE TO WHICH ALL COMMITTEE CHAIRMEN ARE INVITED

Thursday, 23 January 2020

Minutes of the meeting of the Resource Allocation Sub (Policy and Resources) Committee and Efficiency and Performance Sub (Finance) Committee to which all Committee Chairmen are invited, held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Thursday, 23 January 2020 at 10.00 am

Present

Members:

Jeremy Mayhew (Deputy Chairman, in the chair)	Alderman Ian Luder
Deputy Keith Bottomley	Deputy Dr Giles Shilson
Tijs Broeke	Sir Michael Snyder
Deputy Jamie Ingham Clark	Alderman Sir David Wootton
Karina Dostalova	Randall Anderson
Simon Duckworth	Alderman Nicholas Lyons
Anne Fairweather	Paul Martinelli
Sheriff Christopher Hayward	Deputy Henry Pollard
Alderman Vincent Keaveny	Deputy Philip Woodhouse
Deputy Edward Lord	

Committee Chairmen In Attendance

Nicholas Bensted-Smith	Graham Packham
Henry Colthurst	Dhruv Patel
Michael Hudson	Oliver Sells
Vivienne Littlechild	Jeremy Simons
	Deputy James Thomson

Officers:

John Barradell	- Town Clerk
Angela Roach	- Assistant Town Clerk
Emma Cunnington	- Town Clerk's Department
Greg Moore	- Town Clerk's Department
Kate Smith	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Deputy Chamberlain
Julie Smith	- Chamberlain's Department
Bob Roberts	- Director of Communications

1. APOLOGIES

Apologies were received by Deputy Catherine McGuinness, Douglas Barrow, Ann Holmes, Deputy Clare James, Deputy Hugh Morris, and James Tumbridge.

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

There were no declarations.

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

There was one question:

Community Infrastructure Levy (CIL)

A Member asked a question concerning a report on the agenda for the later meeting of the Resource Allocation Sub-Committee, concerning the allocation of CIL monies. It was suggested that previous undertakings had been provided in respect of certain funding commitments and control by spending committees, which could have a material impact on decisions to be taken and which were of relevance to the consideration to Item 6 on today's agenda.

The Chamberlain expressed its understanding that it had always been made clear the Resource Allocation Sub-Committee remained the ultimate arbiter in respect of CIL allocation decisions; however, they agreed that there was a need to establish whether any formal undertakings had been made and, if so, honoured accordingly. The Town Clerk undertook to seek to identify the position in advance of the meeting of the Resource Allocation Sub-Committee.

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

There were no items of urgent business.

5. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

Item No.	Paragraph No.
6	3

6. **OVERALL FINANCIAL POSITION AND MEDIUM-TERM FINANCIAL PLAN**

Members considered a report of the Chamberlain outlining the medium-term and longer-term financial outlook for the City Corporation funds.

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

There was one question, concerning internal loan arrangements.

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

There were no urgent items.

The meeting ended at 10.52 am

Chairman

**Contact Officer: Greg Moore
tel. no.: 020 7332 1399
gregory.moore@cityoflondon.gov.uk**

This page is intentionally left blank

Committee: Finance Committee	Date: 18 February 2020
Subject: Pension Fund – Actuarial Valuation as at 31 March 2019	Public
Report of: The Chamberlain	For Decision
Report author: Kate Limna – Chamberlain’s Department	

Summary

Administering Authorities of the Local Government Pension Scheme (LGPS) are required to arrange triennial valuations of the Pension Fund in order to establish appropriate employer contribution rates for the following three-year period (i.e. from 1 April 2020 to 31 March 2023). The preliminary results of the Pension Fund Actuarial Valuation as at 31 March 2019, undertaken by the Fund’s Actuary, Barnett Waddingham LLP, have now been received and is appended (Appendix A).

The overall funding level of the Pension Fund has increased from 84% as at 31 March 2016 to 90% as at 31 March 2019 and the deficit has decreased from £149m to £113m. This has primarily resulted from better than expected investment returns as well as prudent changes to financial and demographic assumptions used by the Actuary in valuing the Fund’s liabilities (promised benefits to be paid in future).

Six years ago, a 20 year deficit recovery plan was established; and the City Corporation is on track to recover the deficit over the remaining period. Setting the employer contribution rates to fund the deficit over the next 14 years results in the average employer’s contribution rate remaining at 20.7%. Because the Actuary assesses each employer’s funding position on an individual basis, the actual contribution levels due from individual employers will vary. The City of London Corporation and most admitted bodies will pay 21.0% per annum. Contribution rates for four employers (the Museum of London, City Academy, City of London Academies Trust and the London CIV) will differ.

The Government Actuary’s Department will be scrutinising the assumptions used by LGPS actuaries to ensure that employers are taking a sufficiently prudent approach to financing LGPS benefits and results will be published.

Recommendations

Members are asked to agree that:

- The Pension Fund deficit recovery period is set at 14 years from 2020/21 and:
- The employers’ overall contribution rate remains at 20.7% with the City of London Corporation’s contribution rate remaining at 21.0% for the financial years 2020/21, 2021/22 and 2022/23.

Main Report

Background

1. The City of London Pension Fund (the Pension Fund) is part of the Local Government Pension Scheme. The Pension Fund is administered in-house by the City of London Corporation on behalf of the participating employers. At the end of March 2019, the Pension Fund had ten active employers the largest of which is the City of London, followed by the Museum of London. Teachers, judges and police officers have their own pension schemes and are not included in the Pension Fund.
2. Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations), Administering Authorities are required to arrange triennial valuations of the Pension Fund in order to establish appropriate employer contribution rates for the following three year period i.e. from 1 April 2020 to 31 March 2023. The contribution arrangements certified by the Actuary following the valuation must be set to ensure solvency of the Fund and the long term cost efficiency of the Scheme – i.e. to ensure that the existing assets and future contributions will be sufficient to meet future benefit payments from the Pension Fund and that contribution rates are set at an appropriate level.
3. The purpose of this report is to advise members of the outcome of the 2019 Pension Fund valuation undertaken by Barnett Waddingham LLP and the consequent impact on the employers' contribution rates for the three years commencing 1 April 2020.
4. The summary report is appended at Appendix A.

Previous Valuation

5. The last formal actuarial valuation of the Fund was carried out as at 31 March 2016.
6. The results of that formal valuation indicated that the assets of the Fund represented 84% of the accrued liabilities as at 31 March 2016 and the total annual contribution required across the Fund was 20.7% of payroll for the period 1 April 2016 to 31 March 2019, This average employer contribution rate assumed that the past service funding level would be restored to 100% over a period of 17 years. The rate certified for the Corporation as an employer and based on its own position in the Fund was 21.0% of pay per annum, an increase of 3.5% on the previous rate.

Valuation Process and Assumptions

7. When undertaking a valuation, Regulation 62 specifies four requirements that the Actuary "must have regard to" as follows:
 - The desirability of maintaining as nearly constant a primary rate as possible;
 - The current version of the administering authority's funding strategy statement;
 - The requirement to secure the solvency of the Pension Fund; and
 - The long term cost efficiency of the Scheme (i.e. the LGPS for England and Wales as a whole), so far as relating to the Pension Fund.
8. The Government Actuary's Department (GAD) on behalf of the Ministry for Housing, Communities and Local Government (MHCLG) will be scrutinising the assumptions used by LGPS actuaries to ensure that employers are taking a sufficiently prudent approach to financing the LGPS benefits and they will be publishing a report to identify any Pension Funds that cause concerns in respect

of solvency and long term cost efficiency. GAD's report is not expected to be published until late 2021 as it is based on the final certified contribution rates.

Funding Model

9. A very similar funding model (the approach used to derive the assumptions) to that used in previous years has been used for the 2019 valuation. The key features are as follows:

- *Inflation*: Future levels of Retail Price Index (RPI) inflation are based and derived by considering the difference between index-linked gilts and fixed interest gilt yields over the 6 month period straddling the valuation date. CPI Inflation is assumed to be 1.0% lower than RPI because of the different statistical methodology used to calculate the measure and due to differences in composition.
- *Salary increases*: The LGPS was a final salary scheme for benefits earned prior to 1 April 2014 but is now a career average revalued earnings (CARE) scheme so that benefits earned after 1 April 2014 are increased in line with CPI inflation rather than salary increases. The overall effect of the salary increase assumption is less than it was previously.
- *Discount Rate*: The discount rate used to discount future payments to and from the Pension Fund and so determine the value placed on the liabilities reflects a neutral view of the expected net return that will be earned by the actual investment strategy adopted by the Pension Fund.
- *Assets*: Rather than take the market value of the assets at the valuation date, the Actuary has used a figure based on the average market values over the 6 month period straddling the valuation date.
- *Prudence Allowance*: a margin for prudence is subtracted from the discount rate to account for inherent uncertainties around future investment returns and other assumptions. The prudence allowance used in the latest valuation is 1.2% per annum (compared to 1.0% in 2016). The increase reflects greater uncertainty around regulatory developments concerning McCloud and the cost management process (see para 12 below).
- *Mortality*: the Actuary makes several demographic assumptions, the most important of which is post-retirement mortality. These assumptions have been reviewed by the Actuary to take account of the latest available mortality data and to ensure they remain appropriate for the Fund. **The principal change to the mortality assumptions in the current valuation is a *slowing down* in the rate of improvement of long-term life expectancy.**

Regulatory Uncertainties

10. There are currently a few important regulatory uncertainties surrounding the Scheme which the Actuary has had to consider during the 2019 valuation as follows:

- "McCloud" and "Sargeant" judgements – members of the judges' (McCloud) and firefighters' (Sargeant) pension schemes have successfully challenged transitional arrangements implemented following the 2015 public sector pension scheme reforms on the basis of age discrimination. The Government has exhausted the appeals process and confirmed that it will

make remedies to all public service pension schemes, including the LGPS. The exact nature and scope of the remedy is yet to be determined.

- The cost cap mechanism – the cost cap was brought in following Lord Hutton’s review of public service pensions with the aim of providing protection to taxpayers and employees against unexpected changes in pension costs. HM Treasury conducted a cost cap valuation in 2016 which revealed a fall in member costs (e.g. costs relating to mortality) indicating that an enhancement of scheme benefits was required. Changes were due to be consulted on and implemented from April 2019. However, in December 2018 the Government announced a pause in the cost cap process due to the McCloud and Sargeant employment tribunal cases noted above.

It is still unclear what these changes will mean for the LGPS. In May 2019 the Scheme Advisory Board advised administering authorities to consider how they approach the additional risks that these potential extra costs may pose. For the City of London, the Fund Actuary has imposed an increase to the prudence allowance (as noted in para 11 above) to address these uncertainties.

11. Another uncertainty relates to the timing and frequency of future actuarial valuations. MHCLG are considering the implications of moving the triennial local Fund valuations to a quadrennial basis to match the national scheme valuation and the outcome of a consultation undertaken in 2019 is awaited. As such, the next actuarial valuation could be delayed until 2024 and therefore it is unclear how many years of contributions the Actuary will need to certify as part of the 2019 valuation. However, there is a proposal enabling interim valuations as well as a requirement for funds to reassess funding positions and contribution rates prior to 2024, should this be required.

Initial Review of Assumptions

12. The Fund Actuary presented the initial draft valuation results to Members (Clare James, Randall Anderson, Paul Martinelli and Andrien Meyers) and Officers (the Deputy Chamberlain, the Corporate Treasurer and Group Accountant for Pensions & Treasury) in November. This initial review enabled scrutiny and challenge of the various actuarial assumptions used by the Actuary, as detailed in paragraph 10. The initial review concluded that all the Actuary’s key assumptions – including those used for determining future investment returns, inflation and life expectancy – are reasonable.

Current Pension Fund Position

13. The deficit recovery plan at the last revaluation was set at 17 years. The overall funding level of the Pension Fund has increased from 84% as at 31 March 2016 to 90% as at 31 March 2019 and the deficit has decreased from £149m to £113m.
14. In order to maintain the current deficit recovery plan, contribution rates should be set with a view to achieving 100% funding in 14 years. This results in the average employers’ contribution rate remaining at 20.7% for the City of London and the admitted and scheduled bodies.
15. The actual contribution rates due from each participating employer vary because the Actuary assesses each employer’s funding position on an individual basis. The

City of London Corporation and most admitted bodies will pay a total contribution rate of 21.0%. Exceptions to this are:

- a) The Museum of London, which will continue to pay the same rate of 16.1% as it is currently paying in 2019/20;
- b) The City Academy which will continue to pay a contribution rate of 17.1%;
- c) The City of London Academies Trust which will also pay a contribution rate of 17.1% (this employer has been paying the City of London Corporation's assessed rate of 21.0% since joining in 2017/18); and
- d) The London CIV whose employer rate is to be confirmed

Financial Implications

16. Should the proposal on the employer's rate be agreed, the effect on the City's budgets and on other employer costs will be neutral. No adjustments to budgets or financial resources levels will be necessary and it is suggested that this is a prudent approach.

Conclusion

17. The City Corporation remains on track to recover the deficit over the remaining term of the recovery plan; and it is proposed that employer contribution rates remain the same, with the exception of the City of London Academies Trust (whose contribution rate will be reduced) and the London CIV (whose rate is to be confirmed). The overall funding level of the Pension Fund has increased from 84% as at 31 March 2016 to 90% as at 31 March 2019 and the deficit has decreased from £149m to £113m which is mainly due to changes in actuarial assumptions.

18. It is believed that this approach represents an appropriate balance of prudence and affordability.

Appendices

Appendix 1 – Summary Report – Actuarial Valuation as at 31 March 2019

Contact:

Caroline Al-Beyerty

Deputy Chamberlain

T: 020 7332 1164

E: caroline.al-beyerty@cityoflondon.gov.uk

Kate Limna

Corporate Treasurer

020 7332 3952

kate.limna@cityoflondon.gov.uk

This page is intentionally left blank

Committee(s):	Date:
Finance Committee – For Information	18 February 2020
Subject: Business Rate Update	Public
Report of: Chamberlain	For Information
Report author: Phil Black – Head of Revenues	

Summary

This report provides a general update on a number of current issues relating to Business Rates and their potential impact on the City.

Central government has recently announced that it plans to undertake a fundamental review of Business Rates which follows on from the pledge made in the Conservative Party manifesto. In the short term the Government has announced new business rate reliefs for 2020/21 which have focused on providing assistance to the High Street, including an increase in retail relief from 33% to 50% and an additional relief of £1000 made available to some Pubs. The City will be taking steps to raise awareness with ratepayers of the new reliefs.

The new Business Rate retention scheme whereby Local Authorities retain some of the additional rates raised by economic growth in the local area has been delayed until 2021/22. The design of the new scheme or 'alternative model' appears to be focused on rewarding underlying growth by removing some of the uncertainty created by valuation appeals.

Business Rate avoidance continues to increase particularly in relation to empty property. A number of Court decisions have legitimised some avoidance schemes. Whilst this is not a significant issue in the City, the Revenues Team continue to monitor these cases whilst investigating cases that stray into tax evasion.

The increase in serviced office space means more properties are exempt from business rates or are attracting Small Business Rate Relief (SBRR). If the trend continues it may impact on the amount collected in the longer term by the City Premium and could impact on growth.

Recommendations

Members are asked to:

- note the contents of the report.

Main Report

Background

1. Business Rates has been a regular feature in the national press over the last few years and it was a topic of debate during the recent elections. The new Conservative Government has committed to carrying out an early review of business rates with reductions in some sectors promised for the first budget.
2. There is still some significant uncertainty around the future of the Business Rates retention scheme. The previous scheme has been extended through 2020/21 with a new scheme expected to be introduced with effect from 2021/22. The details of this scheme are still unknown but the joint working groups that are taking place provide some insight as to how the new scheme might operate.
3. The issue of Business Rates avoidance has also gained some attention in the press in recent weeks. There are various methods that some landlords and owners will employ to mitigate their business rate liability particularly when a property is empty.

New Government Plans

4. As part of its election manifesto the Government undertook to “cut the burden of tax on business by reducing business rates”. This will be done via a fundamental review of the system”. It is unclear exactly when this review will be carried out. The commitment follows a Treasury Committee report which was released in October 2019 and was critical of the burden and fairness of the current scheme.
5. Much of the coverage has focused on the negative impact of Business Rates in the high street and the Government has committed to “further reduce business rates for retail businesses, as well as extending the discount to grassroots music venues, small cinemas and pubs”.
6. The current retail relief scheme is being extended for a further year and the relief increased from 33% to 50%. Relief has also been expanded to encompass small music venues and small cinemas. A separate scheme has been introduced to provide additional relief to pubs with a rateable value of less than £100,000.
7. The current retail relief scheme is claimed by approximately 400 retail properties in the City which is less than 2% of the City’s Business Rate tax base. The cost of these reliefs is met in full through a government grant so there is no cost to the City Premium. Properties that qualified for this relief in 2019/20 will have the increased relief automatically applied to their bill and properties that could qualify will be sent an application form.
8. It is unclear what a future review of Business Rates will recommend but it is unlikely that there will be a major shift from the fundamental basis of the current scheme. Business Rates accounted for around £31 billion in tax last year and has a better

collection rate than any other UK tax so this would be very difficult to replicate with an alternative method of taxation.

9. The increased regularity of valuations, moving from five years to three, is due to begin in 2021/22 which may address some of the issues such as valuations lagging behind current rental values by up to seven years.
10. A full review of reliefs would be welcome and may provide more focused assistance for retail property. There would also be an opportunity to close some loopholes that are currently being exploited through business rates avoidance schemes which are discussed later in this report.
11. Alternative options that have been suggested, such as replacing Business Rates with an expanded sales tax does not appear to have considered organisations and businesses that do not create a profit or sell goods. There is also a suggestion to base the tax on land ownership, but this is problematic with landowners often located outside the UK. In the short term a review is most likely to lead to some evolution of the current business rates system and this may be coupled with an online sales tax.
12. The City will be seeking to engage with the Ministry of Housing, Communities & Local Government (MHCLG) at an early stage to ensure that our views are taken on board. Of particular importance will be the need to maintain the City Offset.

Business Rate Retention

13. Business Rate retention was introduced in 2013 with the intention of linking Business Rates more directly to the local authority. The scheme rewards the local authority for the amount of growth achieved in the tax base over and above a government set baseline. In 2020/21 the government has returned to the underlying 50% business rate retention scheme with a City share of 30%.
14. The London Pool will continue for 2020/21 under these amended conditions. By continuing to operate as a pool it will allow the Greater London Authority (GLA) and London authorities to combine and to operate a 67% retention scheme.
15. The retention scheme was due to be completely reset for the start of 2020 but has been delayed until 2021. This has benefited the City as it has resulted in the City retaining the £35m already achieved in growth for an additional year.
16. The details of the new scheme are yet to be confirmed and the working groups that are advising MHCLG on the design of the revised scheme or 'alternative model' continue to meet on a regular basis. The last meeting took place on 28th January 2020.
17. The discussions that are taking place and the feedback that has been received indicate that the most likely outcome is a revised scheme with some significant differences from the current retention model. The 'alternative model' aims to reduce volatility in the system and reward underlying growth in an authority's rate base.

By factoring out the negative impact of appeals it should benefit the City, assuming that there is continued growth in the City tax base.

18. All indications are that implementation of the 'alternative model' will result in a 'hard re-set' without any transition from the current model. It is therefore likely that the financial benefits achieved under the current retention model will be absorbed into future baselines. Consideration is being given to lobbying MHCLG on applying some transitional arrangement to the reset to lessen the 'cliff edge' impact of a hard reset.
19. Whilst there is no indication of when the alternative model will be finalised and confirmed, the topics put forward for discussion at the Working Groups are encouraging. By removing a significant portion of the impact of appeals it would allow the City to benefit fully from any underlying growth in the tax base and remove some of the risk and uncertainty related to the City's calculation of the appeal provision.
20. There are a number of factors that MHCLG and the working groups are considering. These include but are not limited to the following areas:
 - a. Floating "Top up and Tariffs" – these are currently fixed and determine the amount an authority receives or pays to central government in relation to business rates. The City is a tariff authority. By calculating these on an annual basis it would adjust a local authority's income to its baseline funding level, taking account of changes to the appeal and bad debt provisions.
 - b. Setting growth baselines on a "lagged" or "non-lagged basis". Under the "lagged" system any growth reward for 2021/22 would not be realised until 2023/24. Under the "un-lagged" approach an estimate of growth would be built into the top up or tariff for 2021/22 and only the reconciliation would be left to be paid in 2023/24.
 - c. Which data set to use to calculate growth; either the "in year" net rates payable figure e.g. the amount the authority collects or the Valuation Office Agency rateable value data.
 - d. How to factor reliefs and transitional relief into calculations and how to deal with provisions that authority's already hold for the 2010 and 2017 valuation lists.
 - e. Determining the safety net, growth thresholds and future scheme resets.
21. It is expected that there will be an opportunity for the City to provide detailed feedback through consultation prior to the introduction of the 'alternative model'.

Business Rate Avoidance

22. Business Rates avoidance has always been a factor in the collection of business rates, particularly since empty property owners were required to pay 100% Business Rates. In the last few years there have been some significant court decisions that have confirmed the legality of some of these schemes.
23. The City has seen all types of avoidance schemes and we are challenging some instances that border on evasion or where we believe the legislation requires

clarification. For instance, the City recently successfully resisted an attempt to claim that an empty building qualified for the ancient monument exemption as it contained a section of Roman Wall. This resulted in Business Rates of over £1 million being collected.

24. The City Revenues Team regularly inspects all empty property to identify and monitor any avoidance schemes but generally the properties are not vacant long enough for this to be a significant issue.
25. The use of empty property by a charity for 'charitable' use such as putting on exhibitions or storing boxes is another method being used to avoid liability and appears to border on tax evasion. The City is currently challenging one of these cases and has asked the Charity Commission to investigate the Charity.
26. Whilst not direct avoidance, the City is also seeing a significant increase in serviced offices, with large serviced office companies occupying more property. At present approximately 6000 out of 22,000 assessments are serviced offices and this number is growing.
27. With large properties being split and valued into multiple assessments many of the occupying companies qualify for small business rate relief and in some cases the rateable value falls below £11,999 and the assessment becomes exempt. This means that they then receive a nil bill or a much-reduced bill. The Serviced Office provider is responsible for paying the Business Rates and they then benefit from the reduction. This reduces the amount we collect for both Business Rates and the City Premium. The reduction is not currently significant, but it is an area the Revenues Team continue to monitor; if the trend continues it may start to have a significant impact on how much the City collects and the growth it can achieve for rates retention.
28. Related to serviced offices is a recent request made to the City to split Barristers' Chambers into individual assessments with the intention of Barristers being able to qualify for SBRR. This is currently being considered by the Valuation Office and depending on the decision and given the potential impact the City may consider a legal challenge.
29. It is hoped that the promised government review of Business Rates will address some of the avoidance tactics detailed above and tackle some of the loopholes in the legislation. As the second largest collector of Business Rates in the country, the City is continuing to highlight these issues with MHCLG.

Phil Black

Head of Revenues

T: 020 7332 1348 E: phil.black@cityoflondon.gov.uk

This page is intentionally left blank

Committee(s):	Date:
Finance Committee – For decision	18 th February 2020
Subject: Irrecoverable Non-Domestic Rates	Public
Report of: Chamberlain	For Decision
Report author: Phil Black – City Revenues	

Summary

The Finance Committee has delegated authority to the Head of Revenues to write off Council Tax and Non-Domestic Rates debts of up to £20,000 without seeking the approval of the Committee. This report seeks approval to write off irrecoverable amounts in excess of that level.

Under the London Business Rates pooling arrangements from 1 April 2019 any losses attributable to irrecoverable amounts are wholly distributed between the Governments central share at 25%, the GLA at 27% and the City Corporation share at 48%. The element attributable to the additional amounts levied by the City of London as a premium and the Crossrail business rate supplement for the Greater London Authority are borne wholly from the proceeds of the premium and supplement.

All the amounts submitted for write off have previously been provided for as uncollectable in accordance with guidelines agreed with the City Corporation's external auditors and instructions issued by central government for the accounting of Non-Domestic Rates. The amounts submitted have been included in a previous year's provision for bad debts in the annual outturn contribution form (NNDR3). The total amount collected annually for each of the last three years is in excess of £1.2 billion. The amounts written off, including amounts written off under delegated powers, as a percentage of the amount collected annually, is less than 0.5% in each year.

Recommendation

Members are asked to:

- Approve the write off of irrecoverable non-domestic rates in the sum of £1,793,299.67 noting that £570,550.81 will be met by the City Corporation and £16,017.44 borne from the proceeds of the City Premium. The debt relates to 11 companies dating back to 2011.

Main Report

National Non-Domestic Rates

1. The level of irrecoverable National Non-Domestic Rates in this report is £1,793,299.67. The total amount submitted for write off comprises debts that have arisen over several financial years. All available recovery procedures have been taken to recover these sums, but without success.
2. The debts are uncollectable primarily because the companies concerned have become the subject of insolvency proceedings or have ceased to trade and subsequently been struck off the Register of Companies and dissolved. The proposed write offs take account of any dividend payments received after the realisation of any assets.

Options

3. These debts have proved to be irrecoverable after exhaustive checks have been made. The City follows a statutory recovery process and where payment is not made a Liability Order is obtained at Magistrate's Court and enforcement action instigated. If recovery remains unsuccessful a further check is then made with a third-party debt specialist who assess the likelihood of future recovery. As these companies are dissolved, in liquidation or administration the only course of action now available is to write the debts off. If the debts are not written off there is a risk of non-compliance with the financial orders.

Proposals

4. The table in Appendix 1 sets out the amounts recommended for write off and for comparison purposes the amounts that were written off by Committee in the previous two financial years. There has been a slight increase in debts classified as irrecoverable/uneconomic and this is due to an increase in Company Voluntary Arrangements (CVA). A CVA is a legally binding agreement with the company's creditors to allow a proportion of its debts to be paid back over time.
5. The amount collected annually for each of the years shown in the table is in excess of £1.2 billion. The amounts written off, including amounts written off under delegated powers, as a percentage of the amount collected annually, is less than 0.5% in each year.

Implications

6. All the amounts submitted for write off have previously been provided for as uncollectable in accordance with guidelines agreed with the City Corporation's external auditors and instructions issued by central government for the accounting of non-domestic rate. The amounts submitted have been included in a previous year's provision for bad debts in the annual outturn contribution form (NNDR3).

7. The elements attributable to additional amounts levied by the City of London as a Premium and under the Crossrail Business Rate Supplement are borne wholly from the proceeds of the Premium and Supplement.
8. The attribution of the cost of the amounts submitted for write off is detailed below.

Attribution of amounts of non-domestic rates to be written off as irrecoverable	Amount £
Government's Central Share	753,176.66
City Corporation	570,550.82
GLA	384,973.78
Crossrail Supplement	68,580.97
City Premium	16,017.44
Total	1,793,299.67

Appendices

- Appendix 1 – Write-Off Comparisons for 2017-18 to 2019-20

Phil Black

Head of Revenues

T: 020 7332 1348

E: phil.black@cityoflondon.gov.uk

This page is intentionally left blank

APPENDIX 1

Write-Off Comparisons for 2017-18 to 2019-20

Reason for write off	Amount submitted for write off 2017/18 (£)	Amount submitted for write off 2018/19 (£)	<i>Amount submitted for write off Feb 2020 (£)</i>
Dissolved companies	727,313	2,610,082	1,275,414.11
Companies in liquidation	264,782	717,415	313,171.56
Companies in administration	249,620	30,360	0.00
Bankrupt individuals	0.00	19,381	0.00
Absconded individuals	20,992	0.00	0.00
Otherwise irrecoverable/uneconomic	96,771	12,256	204,714.00
Total	1,359,478	3,389,494	1,793,299.67

This page is intentionally left blank

Committees: Procurement Sub Committee Finance Committee	Date: 6 February 2020 18 February 2020
Subject: Changes to Procurement Code Part 1	Public
Report of: The Chamberlain	For Decision
Report author: Lisa Moore, Procurement Policy & Compliance Officer, Chamberlain's Department	

Summary

The Procurement Code (the Code) is the policy which underpins all procurement and purchasing activity across the City of London and the City of London Police. Procurement policies are reviewed annually to ensure they are up-to-date and still operationally viable. The revisions this year support the aims and vision in the City Procurement Strategy 2020 – 2024 and recommendations submitted as part of the Fundamental Review.

The main changes to the Procurement Code relate to the Procurement Thresholds and Processes (Rule 15), Contracts Lettings Thresholds (Rule 16); the Waiver Process (Rule 25); rules relating to contract changes (Rules 30-33), Payment Policy (Rule 43), Responsible Procurement Policy (rule 46), and the Social Value Panel (rule 48).

Recommendation

Members are asked to approve changes to the Procurement Code to be effective from 1 April 2020.

Main Report

Background

1. The City of London Procurement Code 2015 (the Code) is the policy which underpins all procurement and purchasing activity across the City of London and the City of London Police.
2. Part 1 of the Code is the framework of overarching rules to be followed by any officer when purchasing goods, services or works and has been developed in line with UK Public Contracts Regulations 2015.
3. Part 2 of the Procurement Code is the guidance document which provides context, processes, and/or further information relevant to compliance with the rules outlined in Part 1.
4. Procurement policies are reviewed annually to ensure they are up-to-date and still operationally viable. The revisions this year support the aims and vision in the City

Procurement Strategy 2020 – 2024 and recommendations submitted as part of the Fundamental Review.

Revisions to the City of London Procurement Code

5. The majority of rules contained in the Code have not changed. A comprehensive list of the changes can be found in Appendix 1. Highlighted in this section of the paper are rules with major revisions impacting governance or a change of process:

Rule	Changes
Procurement Thresholds and Procedures – Rule 15	<ul style="list-style-type: none"> • The threshold for Operational Purchasing raised from £10,000 to £50,000. This will devolve responsibility for purchases under £50,000 to the departmental officer. The rule directs departments to part 2 of the Code which will outline a process for this self-service. • Guidance for Strategic purchasing updated to require City Procurement to undertake an ‘options appraisal’. This rule used to require City Procurement to undertake a tender. The new wording promotes all options to be reviewed such as frameworks or partnerships with other boroughs. This was happening in practice and this change supports that. • Strategic Purchasing (Advertise) and Strategic Purchasing (Advertise in OJEU) combined to the one rule. The rule to follow Public Contracts regulations over OJEU thresholds remains.
Contract Letting Thresholds - Rule 16	<ul style="list-style-type: none"> • The threshold table has been aligned to the Procurement Thresholds separating the different approvals for contracts awarded up to £2 million; up to £50,000, £50,000 - £100,000, and £100,000 to £2 million. • The City Procurement Operations Team and Departmental Officer have been added to approve options for contracts over £50,000 but less than £100,000. • The approvals for Options and Contract Award have been separated to clearly denote the role of City Procurement, Chief Officers, Category Boards, and Committees.
Waivers - Rule 25	<ul style="list-style-type: none"> • Due to the increase in Procurement Threshold for Operational Purchasing requirement for waiver process under £50,000 has been removed with the exception of ‘Order outside of a corporate contract’ • Amended governance table to denote between compliant and non-compliant waivers • Compliant waivers approval aligned to Contract Letting Thresholds as part of Options Appraisal • Non-compliant waivers over £50,000 remaining with Members to approve through existing committee waiver process

Rule	Changes
	<ul style="list-style-type: none"> Removed guidance that waiver can only be granted as a one-off requirement
Contract Extensions – Rule 30	<ul style="list-style-type: none"> Amended approval process to align with Contract Letting Thresholds which will send Extension Review Reports to Committee over £2 million
Contract Variations - Increases in Contract Value - Rule 31.2	<ul style="list-style-type: none"> Amended approval process to be in line with Contract Letting Thresholds Clarified that 50% increase cap was for contracts let over EU Thresholds and lower value contracts could not exceed EU thresholds
Contract Variations – Alterations to contract terms and conditions - Rule 31.3	<ul style="list-style-type: none"> Amended approval process from relevant Spend Committee to align with approval process in Contract Letting Thresholds
Prompt Payment – Rule 43	<ul style="list-style-type: none"> 10-day payment for SMEs removed as a rule leaving 30 day payment in line with our standard contract terms. At this time, Accounts Payable continue to pay SMEs in advance of the 30 days as good practice.
Responsible Procurement Policy – Rule 46	<ul style="list-style-type: none"> Name updated from Responsible Procurement Strategy Threshold to include Responsible Procurement in the tender process from £100,000 to £50,000 in line with new Procurement Thresholds Added in rule that specifications to be developed with Responsible Business Strategy
Social Value Panel – Rule 48	<ul style="list-style-type: none"> No change in principle. The rule has been amended to consult with the Social Value Panel on the social, environmental, and ethical impacts of procurement. The requirement to consult service contracts over the OJEU services threshold has been moved from Part 1 to Part 2. This change supports the consultation process between City Procurement and the Social Value Panel on the role that is required under the new Responsible Procurement Policy.

Conclusion

6. City Procurement recommend approval of the changes to the Code outlined in this paper and in appendix one effective 1 April 2020 in order to ensure the Code stays relevant with the new City Procurement Strategy.

Appendices

- Appendix One – All changes to Procurement Code Part 1
- Appendix Two – Procurement Code Part 1 – April 2020

Lisa Moore

Procurement Policy and Compliance Officer, City Procurement

T: 0207 332 3273

E: lisa.moore@cityoflondon.gov.uk

This page is intentionally left blank

Agenda Item 15

Committee:	Date:
Finance Committee	18 February 2020
Subject: Financial Services Division – Quarterly Update	Public
Report of: The Chamberlain	For Information
Report author: Caroline Al-Beyerty, Deputy Chamberlain	

Summary

Key highlights from recent months have been:

- Analysing the use of robotics within Financial Services
- Medium Term Financial Planning and the 2020/21 budget
- The implementation of the Annual Capital Bids process
- Commencing an Actuarial Review of the Pension Fund
- Development of a revised Bridge House Estates Reserve Policy and Financial Modelling relating to funds held

Recommendation

Members are asked to note the report.

Main Report

1. The key performance indicators in the Chamberlain's business plan for the division are shown in appendix 1. There is one amber indicator, relating to the production of Bridge House Estates and City's Cash accounts. Significant delays in the audit of the financial statements led to later publication dates.
2. The main focus of the team has been on:
3. **Robotics Update**

IB Boost were commissioned to review high-volume, repetitive and manual processes within finance to identify opportunities for automation. Cash flow reconciliation and supplier statement reconciliations fit the criteria and were piloted to establish the proof of concept. Robotic Process Automation (RPA) has been successfully implemented for both processes saving a combined 64 days a year in manual processing. IT have now taken the lead on the Robotics program looking at further ways RPAs can be implemented across the finance and the potential for wider roll out across the organisation. A priority is Payroll reconciliation, which the review identified as needing further process mapping before an RPA could be implemented.
4. **Medium term financial planning and the 2020/21 budget**
The good progress made to date on the fundamental review and approved proposals have been built into the budget and medium-term financial forecasts.

5. Prioritisation of the City Corporation’s resources against objectives has improved. Your Committee, alongside Policy and Resources Committee, have messaged 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 such as Secure City and measures to tackle homelessness.
6. This was the first year that business planning and budget setting timetables have aligned, which worked well in practice, although the reporting to committee needs substantial improvement to focus on key messages, initiatives and how these are reflected in the budgets.
7. The 10 year project financing cash flow has been updated to reflect the most recent timelines and costs of the major projects; work on modelling financing scenarios has commenced. When the Finance Committee has established the cash flow requirements for each fund to support both the in-year revenue position across the medium term and also to finance capital expenditure over a 10 year horizon, a key piece of work over the next few months will be the consideration of asset disposal strategies and impact on asset allocation decisions between securities and property investments for consideration at the May Investment Committee.

8. Annual Capital Bids Process

We received 62 valid bids under the new Annual Capital Bids process with a total initial value of £187.5m together with internal loan funding requests in respect of Police, HRA and the City of London School.

9. Resource Allocation Sub Committee has now considered all bids – resulting in a requirement for central funding of £156.1m as follows:

Summary of approved 2020/21 annual capital bids (all years)	New Bids £m	Loan Facilities £m	Total Central Funding £m
City Fund	89.0	37.1	126.0
City's Cash	18.6	10.6	29.2
Bridge House Estates	0.9	0.0	0.9
	108.5	47.6	156.1

10. Details of the successful bids have been circulated to Chief Officers
11. Following approval by Court in March, schemes can progress through the gateway process in the normal way. Please note that the project and funding drawdown arrangements are currently being reviewed to ensure that they are both efficient and effective and further details will be advised following discussions with Town Clerk’s. There is scope to improve and strengthen the arrangements next year; beginning the process earlier and allowing more time for Heads of Finance to ensure the robustness and quality of the bids will help so that Members are able to make timely decisions. Improvements to the transparency of the process will also be explored with Town Clerks’, in particular to clarify the involvement of relevant service committee chairmen.
12. Members see the move to annual capital bidding round, in the context of the fundamental review, as a big step forward in our organisational capability to prioritise and align our resources to our corporate objectives. They are keen for us to develop this further, including in other areas such as grants. The timetable and procedures for the 2021/22 annual bid process are to be circulated in the summer.

13. Actuarial Review of the Pension Fund

The Pension Fund Actuary (Barnett Waddingham) has completed the actuarial review of the City of London's Pension Fund and has issued his preliminary result as at 31 March 2019. This is a separate agenda item but in essence the Pension Fund deficit recovery period is on target and set at 14 years from 2020/21 and the City Corporation's employer contribution rate remains at 21% for the financial years 2020/21 to 2022/23. Following the valuation and in accordance with the 2016 Investment Regulations, the strategic asset allocation of the Pension Fund will be reviewed by the Financial Investment Board in the coming months.

14. Bridge House Estates Reserves Policy and Financial Modelling

Within the non-public section of this Committee are two papers relating to Bridge House Estates (BHE): 1) BHE Reserves Policy. And 2) Allocation of Funding for 'Bridging Divides' Activities. Both of these items arise out of the current BHE Strategic Governance Review which commenced in 2018. This work has been a major focus for the Charities Finance Team across recent months and demonstrates the significant progress that has been made to enhance the effectiveness of the charity.

Conclusion

Progress has been good over the last quarter across the division's work programme, especially the production of a new financial model for BHE and better prioritisation of resources in City Corporation's budget setting, especially using the new annual capital bids process. The focus for the next quarter will be on more dynamic forecasting for capital schemes and their financing, including reprofiling borrowing and asset disposal requirements; streamlining of processes; and accounts production.

Appendices

- Appendix 1 – FSD KPI Scoreboard

Contact:

Caroline Al-Beyerty

Deputy Chamberlain

Caroline.Al-Beyerty@cityoflondon.gov.uk

T: 020 7332 1113

This page is intentionally left blank

FSD KPI's Balanced Scorecard 2019/20

				Quarterly update			
	Measure	2018/19 performance	2019/20 target	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Business Rates collection	% collected (cumulative)	99.41%	99.00%	30.44% (target 28%)	59.13% (target 58%)	90.13% (target-89.25%)	(target – 99%)
Commercial Rent collection	% collected	98.42%	98%	98.84%	98.88%	98.84%	
Implementation of 2019/20 FSD savings				Status:			On track
Publication of City Fund Accounts within Statutory Deadline of 31 st July				Status:			Complete
Early Publication of City's Cash and BHE Accounts				Status:			BHE Published City's Cash to be published in November (Audit delays postponed publication of BHE & City Cash)
Effective financial management: expenditure against departmental local risk budgets +/- 5% at year end				Status:			On track
Delivery of a balanced budget and Medium-Term Financial Plan for City Fund, approved by Court of Common Council by 31 March				Status:			On track
Income from Chamberlains Court Freedoms	Number of freedoms/ period compared to same period in previous years (cumulative)	1,639	1,650	448 (target 400)	832 (target 825)	1308 (target 1,250)	(target 1,650)
Professionally qualified accountancy staff as a % of total finance staff undertaking reporting, controls and decision support processes (measured annually)	CIPFA Indicator FS1	23.5%	25%				Annually

This page is intentionally left blank

Committee(s): Finance Committee – For information	Date(s): 18 February 2020
Subject: Chamberlain’s Department Risk Management – Quarterly Report	Public
Report of: Chamberlain	For Information
Report author: Leah Woodlock, Chamberlain’s Department	

Summary

This report has been produced to update Finance Committee on the risks and their management by the Chamberlain’s department.

The Senior Leadership Team regularly review the risks as a part of the management of the Chamberlain’s department.

The Chamberlain’s department currently has two corporate risks and six departmental risks on its risk register. There is one risk with a red status:

- CR23 Police Funding

There are several Amber rated risks that relate to IT and the impact of Brexit.

The Senior Leadership Team continues to closely monitor the progress being made to mitigate these risks.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain’s risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings.
2. Chamberlain’s risk management is reviewed on a monthly basis at Departmental Senior Leadership Team (SLT) meeting. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within Divisional updates on key issues from each of the Directors, ensuring that adequate consideration is given to operational risk.
3. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to SLT when identified.

Summary of Risks

4. The heatmap comparison from last quarter for all Chamberlain's department risks is as below:

As at 4 February 2020 (total 44 risks; 1 red, 24 amber and 19 green)

	0	1	1	0
Likelihood	1	8	8	0
	1	12	7	0
	1	1	3	0
	Impact			

As at 31 October 2019 (total 39 risks; 2 red, 22 amber and 15 green)

	0	0	1	0
Likelihood	0	6	10	1
	0	11	6	0
	0	1	3	0
	Impact			

5. On 28 January 2020, the Audit and Risk Management Committee endorsed the updated City Corporation's risk management strategy. The strategy included details in applying the risk appetite levels to corporate risks. (Risk appetite is defined as the amount of risk that an organisation wishes to accept in pursuit of its aims and objectives).
6. The Chamberlain's department currently has two corporate risks:
- **CR23 Police Funding (Red 16)**. Police Funding is currently assessed as above appetite for a financial risk (appetite level for a financial risk is amber 12).
 - **CR 16 Information security (Amber 12)**. Information security is a technology risk and is currently assessed at appetite (Appetite level for a technology risk is amber 12).
7. The two Corporate risks and six Departmental risks on its risk register, attached as Appendix 1 to this report, are assessed as 1 RED risk and 7 AMBER risks. These are detailed below:

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

8. An updated Police MTFP was presented into the January Committee cycle. This shows a balanced position for 20/21, which was affirmed subsequently by the Government settlement and is subject to resource allocation decisions, with following year deficits of c.£3m pa. A key financial risk within the MTFP relates to future Action Fraud requirements. Agreement on a sustainable MTFP will assist in working towards reducing the current risk from Red to Amber.

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

9. A capital bid has been approved by Resource Allocation Sub-Committee to fund new security protection. This bid was supported by the Digital Services Sub-Committee. The new security tools to be implemented pending final approval from Court of Common Council. Staff training and awareness of IT security will continue during 20/21.

CHB IT 001 Resilience - Power and infrastructure (Current Risk: Amber – decreased)

10. The likelihood of this risk has decreased based on recent events to prevent further power failures. A capital bid has been approved by Resource Allocation Sub-Committee based on an audit to install Uninterrupted Power Supply (UPS) across the estate (where appropriate). Two UPS's are being installed in the main two Guildhall Communications Rooms. Upon installation of the UPS the risk is anticipated to reduce from red to amber.

CHB CP001 Brexit risk to City Corporation procurement and supply chains (Current Risk: Amber – no change)

11. In December 2019, letters were sent to all key suppliers requesting information about their Brexit planning, detailing the risks on supply and cost. 64% of suppliers responded, reporting that there was no supplier risk. Some suppliers advised there would be some cost pressures, but no significant risks were recorded. An analysis of all feedback is being conducted for the Brexit Group.

CHB IT 030 2020 - Managed Service Contract (Current Risk: Amber – no change)

12. In December 2019, it was announced that Agilisys was awarded the new IT services contract. A transition manager is now in place and working to develop and implement a transition plan.

CHB FS005 Brexit impact on City Corporation income streams (Current Risk: Amber – no change)

13. There is currently no change on this risk. The impact of Brexit and the negotiations are being closely monitored as they arise. A main component of the risk is anticipation that our funding streams are more exposed. At the end of December 2019, it was reported that there was no current fall in demand for office accommodation across Central London. Forecast rental income is regularly reviewed.

CHB IT 004 Business Continuity / Disaster Recovery - planning and management. (Current Risk: Amber – reducing)

14. The likelihood of a system failure has reduced to unlikely causing the risk score to fall. A resilient circuit has been installed and a successful Disaster Recovery Test has been undertaken. A programme of Disaster Recovery (DR) tests has been developed and being implemented. The risk will be reviewed in line with DR test results.

CHB IT 029 iTrent Contract (Current Risk: Amber – no change)

15. The Tender Working Group met in January 2020, a tender for consultancy is to go live the week commencing 3rd February on Capital E-Sourcing (Procurement System) for bids. A Capital bid has been approved by Resource Allocation Sub-Committee for funding. Bids will be collated and presented to the next Working Group meeting, expected in May 2020.

Appendices

- Appendix 1 Chamberlain's Department Detailed Risk Register

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk

Leah Woodlock

Chamberlain's Department

T: 020 7332 1276

E: leah.woodlock@cityoflondon.gov.uk

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

Generated on: 07 February 2020



Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
P 23 Police Funding Page 57 21-Nov-2016 Ian Dyson;	<p>Cause: Reduction in government funding, workforce costs and growing demand in Policing services leading to pressures for the City Fund -Police.</p> <p>Event: Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget</p> <p>Effect: Potential impact on security and safety in the City as need to make savings, prioritise activity, review funding City of London Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan.</p>	Likelihood 	Impact 	16 • Updated MTFP was prepared for consideration by the January committee cycle, incorporating both growth and savings assumptions. • This shows 2021 finances as balancing subject to delayed government settlement and resource allocation decisions. • In subsequent years there are deficits requiring further mitigation action, including through the introduction of further shared services opportunities. 04 Feb 2020	Likelihood 	Impact 	12 31-Mar-2020	 Constant

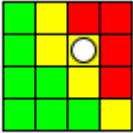
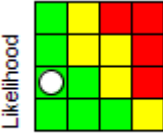

Peter Kane						
------------	--	--	--	--	--	--

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR23g	Implement sustainable medium-term financial settlement for CoLP: - Revenue position Capital financing	Updated MTFP presented to January Committee cycle, incorporating the costs of 67 growth roles and all current Police savings plans. Shows balanced finances for 20/21 subject to the delayed Government settlement and resource allocation decisions. In subsequent years deficits of c.£3m pa exist due to addition of loan repayment assumptions for Action Fraud and Police capital priorities. Further mitigations will therefore be required which may include delivering further savings on shared services. A key financial risk within the MTFP relates to future Action Fraud requirements.	Alistair Cook	15-Jan-2020	31-Mar-2020

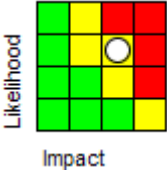
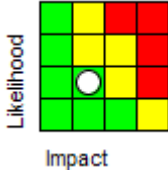
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB CP001 Brexit risk to City Corporation procurement and supply chains Nov-2018 Christopher Page 59	<p>Cause: The UK leaving the EU (Brexit) with no trading deals in place.</p> <p>Event: The result of the Brexit negotiations could have a negative impact on the Corporation's supply chain, both with direct tier 1 suppliers and their sub-contractor network.</p> <p>Effect: Brexit could effect changes to our direct suppliers and their supply chain, impacting negatively on the Corporation. A range of potential impacts are:</p> <ul style="list-style-type: none"> • Regulatory / Legal requirements -existing supply contracts may be impacted by changes in regulation, or legal requirements. • Assurance of Supply - risk that a complete failure in supply of the goods / service (e.g. Carillion) from key suppliers could be felt. • Quality- quality of the goods / service impact due to changes in our Supply Chain. • Service- Service levels be impacted negatively by any changes in the Supply Chain or access to workers, particularly in low skilled categories. • Financial risk -Are any supply changes likely to drive up costs of the Goods / Services/Works in the short/medium/long term. • Sustainability- risk that will change the level of innovation or sustainability of the goods / service/work against expectations? • Workload- Will changes in the Supply Chain cause significant workload to the Procurement/Commercial/Legal teams due to change controls/re-negotiation of terms? 	 Likelihood Impact	12	<ul style="list-style-type: none"> • Supplier Responses have been collected, with a response rate of 64% • The CCM team is now analysing all responses • No significant risks were identified • Some suppliers have highlighted that there will be some cost pressures, but these are considered low risk • A report will be presented to the next Brexit Group meeting <p>04 Feb 2020</p>	 Likelihood Impact	8	31-Dec-2019	 Constant

Action no	Action description	Latest Note	Action	Latest Note	Due Date
-----------	--------------------	-------------	--------	-------------	----------

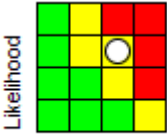
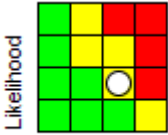

			owner	Date	
CHB CP001e		<p>Following a third follow up of our suppliers, 27 of the contacted suppliers had given their response. CCM team are now analysing the feedback received.</p> <p>At an initial review no significant risks have been identified. Results will be reported to the Brexit group.</p>		04-Feb-2020	30-Apr-2020

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB IT 001 Resilience - Power and infrastructure. 30 Mar-2017 Alan Green	Cause: There is a lack of resilient or reliable Power services or Uninterruptable Power Supply (UPS) provision in multiple Comms rooms and datacentres in COL and COLP buildings. Event: There will be intermittent power outages of varying durations affecting these areas/buildings. Effect: <ul style="list-style-type: none"> Essential/critical Systems or information services are unavailable for an unacceptable amount of time Recovery of failed services takes longer than planned Adverse user/member comments/feedback Adverse impact on the reputation of the IT division/Chamberlain's Department 	Likelihood  Impact	12	<ul style="list-style-type: none"> Following recent, regular power failures that effect the IT service the risk has reduced in likelihood. Monitoring on the air-conditioning units has been added to the Tier 1 comms rooms. UPSs are being installed in the main 2 Guildhall Comms rooms, a capital bid has been approved based on the audit to install UPS across the estate where appropriate. 06 Feb 2020	Likelihood  Impact	2	30-Jun-2020	 Decreasing

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 001k	Update Comms Room Policy and send to SRG/Summit for approval	Using information from the initial surveys of Tier 1 and 2 sites, update the Policy governing the management, control and security of COL and COLP's Comms rooms.	Matt Gosden	11-Oct-2019	28-Feb-2020
CHB IT 001n	Repurpose GJR Comms Room	It has been acknowledged that a comms room within the Guildhall, however GJR needs repurposing to be fit for purpose. This includes rehoming Spatial Application, PSN equipment and Network Switches.	Kevin Mulcahy	11-Dec-2019	30-Jun-2020

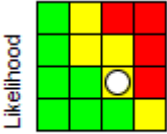
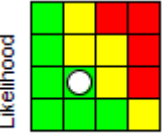

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB IT 030 2020 - Managed Service Contract 11-Oct-2019 Sean Green	Cause: New IT Services contract being implemented to replace the current contract we have with Agilisys Event: The transition and implementation has delays beyond the end of the contract on the 31st August 2020 Effect: Additional costs/dual running costs incurred and potential reputational impact of any failures or service disruption during the Transition and Implementation		12	<ul style="list-style-type: none"> The contract award has now been approved by Court of Common Council. Phase 2 work streams have been formed, and following the award can now start working with the supplier to plan transition activities. A transition manager is now in place and working to develop a Transition plan 		4	31-Aug-2020	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 030a	Develop and implement a Transition Plan	Transiton Manager is in place and working on plans.	Kevin Mulcahy	21-Jan-2020	29-Feb-2020

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030) 10-May-2019 Peter Kane	Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures. Effect: Failure of all or part of the IT Infrastructure, with associated business systems failures. Harm to individuals, a breach of legislation such as the Data Protection Act 2018. Incur a monetary penalty of up to €20M. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.	 Likelihood Impact	12	<ul style="list-style-type: none"> A capital bid has been approved to fund new security protection. The Digital Services Sub-Committee Chairman and Deputy Chairman reviewed the roadmap and the capital bid prior to submission. 04 Feb 2020	 Likelihood Impact	8	31-Dec-2020	 Constant

Page 63

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16j	CR16j An update IT Security Roadmap has been developed which has informed work activity for 20/21 and a capital bid for new security tools.	The work programme for 2020/21 will start in the first quarter. The new security tools required are dependent on the capital bid submitted. The staff training and awareness of IT security will continue during 20/21 under the oversight of the Information Management Board led by our SIRO Michael Cogher.		04-Feb-2020	31-Dec-2020
CR16k	Final stages of completing information security projects which will mean that we can assure Members that the City of London Corporation has implemented all the national government recommended security practices and technology achieving a maturity level of 4.	<p>Information Security projects are being delivered as planned. The Information Security team recommended to the Audit and Risk Committee that this risk is reduced</p> <p>Move towards a continuous improvement model is being adopted to ensure the controls in place are embedded, mature and reflective of emergent threats and risks in order to provide appropriate assurance surrounding preparedness.</p> <p>Capital Bid has been made for further IT Security Investment to maintain the level of maturity determined by Members that the organisation requires.</p> <p>This is a dynamic risk area and whilst the maturity of 4 is a the target, the control scores will go down as well as up as threats, risks and vulnerabilities change.</p>	Gary Brailsford-Hart	04-Feb-2020	30-Jan-2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<p>CHB FS005 Brexit impact on City Corporation income streams</p> <p>12-Nov-2018 Caroline Al-Beyerty</p>	<p>Cause: The outcome of the Brexit negotiations disrupts funding streams in terms of both access to EU funding for UK-based organisations, and a potential downturn in investment in the City. Event: The City Corporation fails to prepare adequately for the potential disruption to current income/funding streams. Effect: Potential disruption in ability to deliver or commit to services/projects; increased demand on City Corporation services and grant giving owing to reductions in funding to UK-based charitable organisations.</p>	<p>Likelihood</p>  <p>Impact</p>	<p>8</p>	<ul style="list-style-type: none"> No change from previous update We will need to monitor the impact once Brexit and negotiations with EU commence Services in receipt of EU funding are agriculture, capital projects, and the Barbican. Our exposure to this risk is limited in these areas. Risk to property and non-property investments is low Funding streams are more exposed to a fall in office space occupation and consequent reduction in retained business rate income. However, there is no current indication of a fall in occupation levels or demand for City office and retail space; and the medium term financial plan only proposes spending business rate growth on one-off projects. The risk that Brexit may be used to attempt to terminate leasing contracts is limited as the European Medicines Agency lost a High Court attempt to cancel their lease earlier this year. <p>04 Feb 2020</p>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p>	<p>31-Mar-2020</p>	<p></p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date

CHB FS005b	A reduction in the demand for office and retail space in the City and West End leading to a reduction in market rental rates and a consequent reduction in rental income from the City's Property Portfolio.	The City Surveyor has identified no current fall in demand for office accommodation and the Central London market, in particular, has up to now been buoyant. Forecast rental income is regularly reviewed and any potential reduction will be factored into the medium-term financial plan.	Nicholas Gill	18-Dec-2019	31-Mar-2020
CHB FS005d	A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. As the Corporation is currently benefitting from growth in business rates retained income of c£40m.	A review of empty property recorded for business rates has shown a slight increase of about 5% since April 2017 however this figure continues to fluctuate. We continue to monitor on a monthly basis. The overall rateable value for the City continues to rise. The growth forecast used in the MFP was conservative and we remain positive that business rates income estimates are achievable.	Phil Black; Philip Gregory	04-Feb-2020	31-Mar-2020
CHB FS005f	In the event of a no-deal Brexit, events at the Barbican Centre not going ahead/ becoming more costly, due to: restrictions on: <ul style="list-style-type: none"> • movement of people- with delays in artists/ teams arriving, additional costs of visas and staff shortages in ancillary services; • movement of cultural goods and data- new costs, customs and freight disruption, supply chain disruption and ease of transfer of personal data; • potential tariffs; and • currency fluctuations <p>ultimately reducing profitability of events and increasing the net cost of the Barbican to City Fund.</p>	Movement of people:Recent Home Office announcement that in a No Deal scenario, EEA citizens will be able to enter the UK to visit, work or study as they do now as long as they do not intend to stay for longer than 3 months mitigates risk around potential visa costs and administrative burden. Movement of goods and services- this remain a key risk and ties in with the overall supply chain risk for the organisation. The Barbican will continue to monitor Brexit-related developments and assess potential impact, particularly from freight delays. The Barbican continues to closely monitor political developments and explore measures that can be implemented to try and mitigate against these risks. This work is being undertaken in collaboration with key City of London Corporation departments as part of the Corporation-wide planning for a No Deal Brexit.	Sandeep Dwesar	04-Feb-2020	31-Mar-2020

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB IT 004 Business Continuity / Disaster Recovery - planning and management. 30-Mar-2017 Sean Green	<p>Cause: A lack of clear understanding of Business need for Services and Applications. No procedure in place for regular reviews with business.</p> <p>Event: The IT Division cannot provide assurance of availability or timely restoration of core business services in the event of a DR incident or system failure.</p> <p>Effect: The disaster recovery response of the IT Division is unlikely to meet the needs of COL and COLP leading to significant business interruption and serious operational difficulties.</p>	<p>Likelihood</p> <p>Impact</p>	8	<ul style="list-style-type: none"> The likelihood has reduced to unlikely following the installation of the resilient circuit into the Guildhall, the completion of a Disaster Recovery Test has confirmed that the circuit is in place and working as required. A rolling programme of DR tests has been developed and implemented. Risk will be continually reviewed alongside the DR test results. <p>04 Feb 2020</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Mar-2021	<p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 004a	Plans developed in accordance with BIAs	BIA RPO/RTO to be defined and agreed as part of the migration to Azure	Matt Gosden	10-Dec-2019	31-Aug-2020
CHB IT 004f	Review Critical Applications list for a view of applications to be updated	Following the internal agreement of the updated Critical Apps list, discussions are now underway to agree these with Agilisys	Matt Gosden	10-Dec-2019	31-Mar-2020
CHB IT 004k	RPO and RTO of Critical Apps	Review RPO and RTO to see if they are achievable or require redefining	Matt Gosden	11-Dec-2019	30-Jun-2020

Committee: Finance Committee	Date: 18 February 2020
Subject: Central Contingencies 2019/20	Public
Report of: Chamberlain	For Information
Report author: Laura Yeo, Senior Accountant, Financial Services	

Summary

This report has been produced to provide Members with an update on the Central Contingencies uncommitted balances.

Since your last Committee two allocations from Central Contingencies were agreed under delegated authority. An allocation of up to £400,002 from City Fund General Contingency towards additional rent payable at Wood Street Police Station and a donation of £15,000 from the National and International Disasters Fund in providing relief to those effected by the Australian bushfires.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. In addition to the central contingencies, the Committee has a specific City's Cash contingency of £100,000 to support humanitarian disaster relief efforts both nationally and internationally.

Current Position

3. The uncommitted balances that are currently available for 2019/20 are set out in the table below. At the time of writing this report there is one request for funding elsewhere on the agenda within non-public for £113,000 from City Fund General Contingency.

2019/20 Contingencies – Uncommitted Balances at 10 th February 2020				
	City's Cash	City Fund	Bridge House Estates	Total
	£'000	£'000	£'000	£'000
General Contingencies				
Total Provision	1,000	815	50	1,865
Previous allocations	(481)	(621)	0	(1,102)
Uncommitted Balances	519	194	50	763
Requests for allocations	0	(113)	0	(113)
Balances pending approval	519	81	50	650
National and International Disasters				
Total Provision	100	0	0	100
Previous allocations	(65)	0	0	(65)
Uncommitted Balance	35	0	0	35

4. The sums which the Committee has previously allocated from the 2019/20 contingencies are listed in Appendix 1. This includes allocations agreed under delegated authority since your last Committee.
5. On 21st January an allocation of up to £400,002 from City Fund General Contingency towards additional rent payable at Wood Street Police Station from 10th December 2020 for a period of up to 6 months. The sum shall be carried forward into 2020/21 and 2021/22 financial years for this specific purpose.
6. On 6th February a donation of £15,000 from National and International Disaster Fund to support the Australian Red Cross in providing relief to those effected by the bushfires.

Conclusion

7. Members are asked to note the Central Contingencies uncommitted balances.

Appendices

- Non-Public: Appendix 1 - Allocations from 2019/20 contingencies

Laura Yeo

Senior Accountant

Financial Services

T: 020 7332 1334

E: Laura.Yeo@cityoflondon.gov.uk

This page is intentionally left blank

Committee: Finance Committee	Date: 18 February 2020
Subject: Report of Action Taken – Public Decisions taken under Delegated Authority/Urgency procedures since the last meeting of the Committee	Public
Report of: Town Clerk	For Information
Report author: John Cater, Town Clerk’s Department	

Summary

This report advises Members of urgent and/or delegated public action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders No. 41(a) and 41(b).

Recommendation

Members are asked to note the report.

Main report

1. Subject: Australian Red Cross Disaster Relief and Recovery Fund

Background

Record-breaking temperatures and months of severe drought have fuelled a series of massive bushfires across Australia. Although recent cooler conditions and rain have brought some respite, more than 100 fires are still burning in the states of New South Wales and Victoria. Some 28 people have so far been killed - including four firefighters - and an estimated 10 million hectares (100,000 sq. km or 15.6 million acres) of bush, forest and parks across Australia has burned.

The Australian Red Cross have set up relief centres across all the affected areas and are coordinating aid efforts across the region. The Charity are coordinating food, water, hygiene kits and pet supplies as well as psychological support through its team of trained volunteers. A donation to the Australian Red Cross will enable them to give people the support they need in disasters: whether that’s help to prepare, a safe place to take shelter, psychological first aid, information, and practical support through the months and even years it can take to recover. Funds will also be used to support emergency grants for people who’ve lost their homes and to support long term recovery work in communities impacted by the bushfires over recent months.

The Australian Red Cross is an independent Charity registered with the Australian Charities and Not-for-profits Commission. The British Red Cross is a member of the DEC. After discussions with the British Red Cross they are happy to take a donation on behalf of the Australian Red Cross with all the funds transferred to support the relief work in Australia.

RESOLVED – That approval was given to:

Provide a donation of £15,000 from the International Disasters Fund via the British Red Cross to support the Australian Red Cross in providing relief to those effected by the Bushfires in the short and long term.

Contact:

John Cater

Senior Committee and Member Services Manager, Town Clerk's Department

020 7332 1407

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank