



Finance Committee

Date: TUESDAY, 21 JULY 2020

Time: 1.45 pm

Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

Members*:

Munsur Ali	Alderman Nicholas Lyons
Rehana Ameer	Paul Martinelli
Randall Anderson	Jeremy Mayhew
Nicholas Bensted-Smith	Andrew McMurtrie
Deputy Roger Chadwick	Deputy Robert Merrett
Dominic Christian	Deputy Hugh Morris
Graeme Doshi-Smith	Benjamin Murphy
Alderman Sir Peter Estlin	Susan Pearson
Alderman Prem Goyal	William Pimlott
Caroline Haines	James de Sausmarez
Michael Hudson	John Scott
Deputy Wendy Hyde	Ian Seaton
Deputy Jamie Ingham Clark	Sir Michael Snyder
Deputy Clare James	Deputy James Thomson
Alderman Gregory Jones QC	Mark Wheatley
Angus Knowles-Cutler	Deputy Philip Woodhouse
Gregory Lawrence	Deputy Catherine McGuinness, Policy and Resources Committee (Ex-Officio Member)
Tim Levene	Simon Duckworth, Policy and Resources Committee (Ex-Officio Member)
Oliver Lodge	Deputy Tom Sleigh, Investment Committee (Ex-Officio Member)

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***MEMBERSHIP IS SUBJECT TO CONFIRMATION AT THE COURT OF COMMON COUNCIL ON THURSDAY 16TH JULY 2020**

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

<https://youtu.be/RDsGSxY2JsQ>

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. **ORDER OF THE COURT OF COMMON COUNCIL**
To receive the Order of the Court of Common Council from Thursday, 16 July 2020.

To follow.
4. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting held on 23rd June 2020.

For Information
5. **FINANCE COMMITTEE'S FORWARD PLAN**
Report of the Chamberlain.

For Decision
(Pages 1 - 6)
6. **REPORT OF THE WORK OF THE SUB-COMMITTEES**
Report of the Town Clerk.

For Information
(Pages 7 - 8)
7. **APPOINTMENT OF SUB-COMMITTEES AND REPRESENTATIVES ON OTHER COMMITTEES**
Report of the Town Clerk.

For Information
(Pages 9 - 10)
8. **REVENUE BUDGET MONITORING TO JUNE 2020**
Report of the Chamberlain.

For Decision
(Pages 11 - 26)
9. **REVENUE BUDGET MONITORING TO JUNE 2020**
Report of the Chamberlain.

For Information
(Pages 27 - 42)
9. **PROVISIONAL OUTTURN 2019-20**
Report of the Chamberlain.

For Information
(Pages 43 - 54)

10. **CAPITAL AND SUPPLEMENTARY REVENUE PROJECT OUTTURN 2019/20 AND PRUDENTIAL INDICATORS**
Report of the Chamberlain.
For Information
(Pages 55 - 60)
11. **RISK MANAGEMENT - TOP RISKS**
Report of the Chamberlain.
For Information
(Pages 61 - 76)
12. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.
For Information
(Pages 77 - 80)
13. **IT DIVISION - MEMBER UPDATE**
Report of the Chamberlain.
For Information
(Pages 81 - 84)
14. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 85 - 86)
15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
17. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.
For Decision

Part 2 - Non-Public Agenda

18. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 23rd June 2020.
For Decision
(Pages 87 - 88)

19. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.
- For Information**
(Pages 89 - 90)
20. **POWER PURCHASE AGREEMENT (PPA) FOR OFFSITE RENEWABLE ELECTRICITY - PROCUREMENT STAGE 1A MID TENDER PROGRESS REPORT**
Joint Report of the Chamberlain and the City Surveyor.
- For Decision**
(Pages 91 - 96)
21. **ADMITTED BODY STATUS FOR THE IT SERVICE CONTRACT SUPPLIER**
Joint Report of the Chamberlain and the Comptroller & City Solicitor
- For Decision**
(Pages 97 - 100)
22. **PROVISION FOR BAD AND DOUBTFUL DEBTS AT 31ST MARCH 2020**
Report of the Chamberlain.
- For Information**
(Pages 101 - 108)
23. **NON-PUBLIC APPENDIX TO ITEM 12 (CONTINGENCIES)**
- For Information**
(Pages 109 - 112)
24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

FINANCE COMMITTEE

Tuesday, 23 June 2020

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 23 June 2020 at 2.30 pm

Present

Members:

Jeremy Mayhew (Chairman)
Deputy Jamie Ingham Clark (Deputy
Chairman)
Rehana Ameer
Randall Anderson
Nicholas Bensted-Smith
Chris Boden
Deputy Roger Chadwick
Graeme Doshi-Smith
Alderman Sir Peter Estlin
Michael Hudson
Deputy Wendy Hyde
Deputy Clare James
Alderman Gregory Jones QC
Alderman Alastair King

Tim Levene
Alderman Nicholas Lyons
Deputy Robert Merrett
Deputy Hugh Morris
Benjamin Murphy
Susan Pearson
William Pimlott
Deputy Henry Pollard
James de Sausmarez
John Scott
Deputy James Thomson
Deputy Philip Woodhouse
Deputy Catherine McGuinness (Ex-Officio
Member)

Officers:

John Cater	- Town Clerk's Department
Bob Roberts	- Director of Communications
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Amelia Ehren	- Town Clerk's Department
Bukola Soyombo	- Chamberlain's Department
David Farnsworth	- Chief Grants Officer
James Gibson	- Chamberlain's Department
Karen Atkinson	- Chamberlain's Department
Paul Monaghan	- Department of the Built Environment
Paul Wright	- Remembrancer's Department
Polly Dunn	- Town Clerk's Department
Sanjay Odedra	- Communications Team
Sean Green	- Chamberlain's Department
Devika Persaud	- Town Clerk's Department

1. **APOLOGIES**

Apologies for absence were received from John Fletcher, Oliver Lodge, Paul Martinelli and Andrien Meyers.

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 19th May 2020 be approved as an accurate record.

4. **APPOINTMENT TO PROCUREMENT SUB-COMMITTEE**

The Committee received a Report of the Town Clerk concerning the appointment of Philip Woodhouse to the Procurement Sub-Committee for the remainder of the 2019/20 civic year.

In addition, further to the confirmation that the meeting of the Court of Common Council on 16th July would be the first of the 2020/21 Civic Year, the Chairman provided a brief update on the arrangements for the July Finance Committee meeting; namely, whilst new appointments would be considered at the FC meeting on 21st July, it was anticipated that, given that several Members were appointed to the Subs (and some Members took the opportunity to step down) at the May FC meeting, any further changes next month, would be limited.

RESOLVED – that the Committee approved Philip Woodhouse to be appointed to the Procurement Sub-Committee for the remainder of the 2019/20 civic year.

5. **IMPACTS OF COVID -19 ON REVENUE BUDGETS AT PERIOD 2 2020-21**

The Committee received a Report of the Chamberlain concerning the impact of Covid-19 on the Corporation's Revenue Budgets as at end of period 2 of the 2020/21 financial year.

The Chamberlain opened the discussion by highlighting the improved outlook compared to the last time he presented to the Committee in May; namely, the estimated overall forecast year-end overspend across all the funds is an improved position of £30.4m (average £3m per month across the year).

This comprises an adverse variance of £21.6m (9%) on Chief Officer Cash Limited Budgets, mainly on City Fund, and an adverse variance of £8.8m (20%) on Central Risk Budgets (excluding The City Bridge Trust grant giving and London Community Response Fund advance commitments).

Whilst these revised forecasts were encouraging, Members should be in no doubt as to the formidable challenges that lie ahead, not least in ensuring that the Corporation's legal obligation to balance City Fund over the medium-term is achieved.

In terms of the drivers of income losses; whilst firm figures on rental income, taking into account the Corporation's financial support to tenants, the scale of

bad debts at year end, and the broader economic fallout on demand for office space, were all difficult to determine fully at the moment; the immediate consequences have fallen predominantly on the Barbican Centre, the Guildhall School of Music and Drama (GSMD), the Corporation's three fee paying schools, and areas under the Open Spaces department's remit.

In response to a query, the Chamberlain confirmed that the Commissioner of the City of London Police was projecting an underspend due to him being unable to recruit to the extent anticipated pre-Covid. Whilst further departmental underspends were not immediately forthcoming, it was hoped that more would emerge in due course.

In terms of next steps, the Chamberlain confirmed that further discussions concerning prioritisation would take place at the Resource Allocation Sub-Committee away day on 3rd July, and a re-budgeting round would culminate in a new budget submission in the autumn. He also highlighted a) the cross-departmental work currently being carried out to deliver the new Target Operating Model (TOM) and b) a review the City Surveyor was carrying out on the timelines of the major projects; both may create significant opportunities to produce savings across the medium-to-long term.

The Chairman thanked the Chamberlain for his remarks and emphasised that, whilst the projection had improved since May, "a £30m overspend was a big deal", and, "whilst we may be able to absorb one-off hits, no one should underestimate the significant structural impact this would have on the Corporation's finances over the coming years". In terms of re-prioritisation, "nothing should be off-limits". He added that, whilst the Corporation had statutory duties in some areas, "how we delivered those duties was not proscribed, and efforts should be made to explore how we can become more efficient and effective in delivery in the future".

A Member expressed his concern that the level of central government financial support to the local government sector thus far, namely £3.2 billion, was inadequate, he queried whether the Corporation was working with others to maximise lobbying efforts. The Chamberlain responded that the Corporation had taken up all offers of help from central government and intended to continue to do so, furthermore, it was actively working in collaboration with others to secure additional support.

RESOLVED – that the Committee noted the Report.

6. **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 a £20,000 donation (sourced from Finance Committee's International Disasters Fund) to St John Ambulance to support the Charity in its response to the Coronavirus Pandemic.

Members welcomed the decision to grant the donation and hoped it would set an example for others to follow.

RESOLVED – that the Committee noted the report.

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

There were no questions.

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

There were no urgent items.

9. **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.

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

The non-public minutes of the meeting held on 19th May were approved as an accurate record.

11. **INTEREST RATES FOR LOAN FACILITIES - REVIEW**

The Committee received a Report of the Chamberlain concerning the Corporation's loan facilities to the institutional departments and third-party bodies within the City of London Corporation 'family', e.g. sponsored academies and the Museum of London.

12. **BRIDGE HOUSE ESTATES STRATEGIC REVIEW - UPDATE FOUR**

The Committee received a joint Report of the Town Clerk & Chief Executive and The Chief Grants Officer & Director of City Bridge Trust.

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

The Committee noted a report of the Town Clerk detailing a non-public decision taken under delegated authority procedures since the last meeting.

14. **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.

15. **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 3.50 pm

Chairman

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Finance Committee – Work Programme 2020 and 2021

Meeting:	September	October	November	December	January	February	March	April	May	June	July
BUDGET SETTING PROCESS & MEDIUM-TERM FINANCIAL PLANNING						Budget Report and Medium-Term Financial Strategy Revenue and Capital Budgets					
EFFECTIVE FINANCIAL MANAGEMENT ARRANGEMENTS FOR THE CITY CORPORATION	Monthly Budget Monitoring	Q2 Budget monitoring 2020/21 Budget Resetting	(Monthly Budget Monitoring)	(Monthly Budget Monitoring)	Q3 Budget monitoring	Business Rates Update Irrecoverable Non-Domestic Rates		Update of Finance Regulations	Interest Rates on Internal Loan Requests - Update and Review		Capital Outturn Report Q1 Budget monitoring Provisional outturn report
FINANCIAL STATEMENTS		Draft BHE Annual Report & Financial Statements Draft city fund and pension fund statement of accounts	City Fund and Pension fund financial statements – Audit completion City's Cash Financial Statements City's Cash trust funds and sundry trust funds annual reports and financial statements			Pension Fund – Actuarial Valuation as at March 31 2020					Draft city fund and pension fund statement of accounts Draft BHE Annual Report & Financial Statements
FINANCE COMMITTEE AS A SERVICE COMMITTEE	Central Contingencies Risk Management - Monthly Report FSD Quarterly Update Business plan update	Central Contingencies Risk Management - Monthly Report City Procurement Q Update	Central Contingencies Risk Management – Quarterly Report IT Division Q Update	Central Contingencies Risk Management - Monthly Report FSD Quarterly Update Business plan update	Central Contingencies Risk Management - Monthly Report City Procurement Q Update	Central Contingencies Risk Management – Quarterly Report IT Division Q Update	Central Contingencies Risk Management - Monthly Report FSD Quarterly Update Business plan update	Central Contingencies Risk Management - Monthly Report City Procurement Q Update	Central Contingencies Risk Management – Quarterly Report IT Division Q Update	Central Contingencies Risk Management - Monthly Report FSD Quarterly Update Business plan update	Central Contingencies Risk Management - Monthly Report City Procurement Q Update

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Committee: Finance Committee	Date: 21 July 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 23 June 2020:

Digital Services Sub-Committee – 3rd July 2020

To Follow

Procurement Sub-Committee – 6th July 2020

Members considered a quarterly progress report of the Chamberlain regarding City Procurement. The Sub Committee noted that no suppliers had invoked “force majeure” since the onset of COVID-19 pandemic. Although some suppliers had flagged the potential for this course of action at the onset of the pandemic, proactive supplier management by the CoL had mitigated supplier concerns and there have been no instances of force majeure.

Members sought assurances from the Chamberlain that City Procurement’s approach to SME suppliers was aligned with wider City of London Corporation policy e.g. SME support in development by Innovation & Growth and the Chamberlain confirmed that City Procurement would be alive to the possibility to support SMEs based within the City of London, whilst striking an appropriate balance between supporting viable businesses and allowing market forces to take their course.

Efficiency and Performance Sub-Committee – 10th July 2020

Further to discussions at the meeting, Members asked officers to draft a new forward plan for the Sub-Committee for 2020/21.

Particular areas of focus would include the following:

- How E&P could dovetail with the Digital Services Sub-Committee to examine the practical ways the Corporation can harness digital technology (notably in data collection and analysis) to improve efficiencies across different departments. Discussion will include an update on investment in AI.
- Departmental deep dives – how departments are approaching “performance improvement”. The Department for Community and Children’s Services would be submitting a paper in September (TBC).

It was anticipated that identifying which other departments should be coming to the Sub-Committee would become clearer as the re-budgeting exercise progresses i.e. once the figures are more certain we can focus on those departments that are facing the greater challenges.

- An update on the Guildhall Masterplan after the impact of Covid and the resulting focus on flexible working

Recommendations

The Committee is asked to note the report.

John Cater

Senior Committee Services Officer, Town Clerk's Department

john.cater@cityoflondon.gov.uk

Committees:	Date:
Finance Committee	21 July 2020
Subject: Appointment of Sub-Committees and representatives on other Committees	Public
Report of: Town Clerk	For Decision
Report author: John Cater, Town Clerk's Department	

Summary

The purpose of this report is to consider the formal appointment of the Committee's Sub-Committees for the 2020/21 civic year, to approve their composition and Terms of Reference, and to appoint representatives to a number of other City Corporation positions.

The Finance Committee currently appoints to five Sub-Committees:

- Corporate Asset Sub-Committee
- Digital Services Sub-Committee
- Efficiency & Performance Sub-Committee
- Finance Grants Oversight and Performance Sub-Committee
- Procurement Sub-Committee

In addition to the appointment of Members to its own Sub-Committees, the Committee also has the opportunity to make appointments to other Grand Committees and Sub-Committees. These are:

- Establishment Committee (1 Member)
- Barbican Centre Board (1 Member)
- Projects Sub (Policy & Resources) Committee (2 Members)
- Courts Sub (Policy & Resources) Committee (1 Member)
- Streets and Walkways Sub (Planning & Transportation) Committee (1 Member)
- informal consultation with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty Allowances (1 Member)

Given the previous uncertainty about the start of the 2020/21 civic year, the Committee undertook an informal re-appointment round at the 19th May Finance Committee meeting. This provided Members with the opportunity to sign-up or step down from any of the five Finance Sub-Committees.

As a result of that process, wholesale changes at today's meeting are not anticipated, and, we are proposing to "roll over" the current Memberships into the 2020/21 civic year. Members are, however, entitled to take this opportunity to re-review their positions on the Subs, and should inform the Chairman and Committee Clerk if they wish to stand down.

As of 14th July 2020, we have the following Sub-Committee vacancies:

Corporate Asset Sub-Committee

2

Digital Services Sub-Committee	1
Efficiency & Performance Sub-Committee	0
Finance Grants Oversight & Performance Sub-Committee	5
Procurement Sub-Committee	1

Recommendations

Members are asked to:

- a) Agree the composition and Terms of Reference of the following Sub-Committees as set out in Appendix A;
 - i. Corporate Asset Sub-Committee
 - ii. Digital Services Sub-Committee
 - iii. Efficiency & Performance Sub-Committee
 - iv. Finance Grants Oversight and Performance Sub-Committee
 - v. Procurement Sub-Committee

- b) Agree the appointment of the Chairman and Deputy Chairman of each of the following Sub-Committees:
 - i. Corporate Asset Sub-Committee
 - ii. Digital Services Sub-Committee
 - iii. Finance Grants Oversight and Performance Sub-Committee
 - iv. Procurement Sub-Committee

- c) Notes the appointment of the following members of other Committees to Sub-Committees:
 - i. Corporate Asset Sub-Committee – up to three Members each of the Policy and Resources Committee and of the Property Investment Board
 - ii. Digital Services Sub-Committee – one Member of the Police Committee, as the Special Interest Area holder for IT.

- d) agree the appointment of Members to the following Sub-Committees, between the following minimum and maximum total number of Members including, the Chairman and Deputy Chairman of the Grand Committee and those Members appointed as Chairmen or Deputy Chairmen for CASC, Digital Services, Finance Grants and Procurement Subs:
 - i. Corporate Asset Sub-Committee – **a minimum of four and maximum of nine total Members of the Finance Committee**
 - ii. Digital Services Sub-Committee – **a minimum of 10 and maximum of 14 Members, drawn from the Finance Committee and Court of Common Council**
 - iii. Efficiency & Performance Sub-Committee – **a minimum of nine and maximum of 13 total Members of the Finance Committee**
 - iv. Finance Grants Oversight and Performance Sub-Committee – **a minimum of nine and a maximum of 13 total Members of the Finance Committee**
 - v. Procurement Sub-Committee – **a minimum of nine and a maximum of 12 total Members of the Finance Committee**

- e) agree the appointments of representatives to the following Committees and Sub-Committees:
 - Establishment Committee - **1 vacancy**
 - Barbican Centre Board - **1 vacancy**
 - Projects Sub (Policy & Resources) Committee - **2 vacancies**
 - Courts Sub (Policy & Resources) Committee - **1 vacancy**
 - Streets and Walkways Sub (Planning & Transportation) Committee - **1 vacancy**
- f) agree the appointments of representatives for informal consultation with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty Allowances (allocation includes the Chairman and the Deputy Chairman of the Finance Committee) – **1 vacancy**
- g) note that the Chairman and Deputy Chairman of the Finance Committee are appointed as Members of the Resource Allocation Sub (Policy and Resources) Committee. In addition, the Chairman is appointed as a Member of the Mayoral Visits Advisory Committee.
- h) note that the Chairman and Deputy Chairman will be ex-officio Members of the following Committees:
 - Policy & Resources Committee
 - Investment Committee
 - Audit and Risk Management Committee
 - Hospitality Working Party (Policy and Resources)
- j) Note that the Chairman (or his nominee) will be an ex-officio Member of the Public Relations and Economic Development Sub
- k) agree that the Committee should continue to meet “every fourth week on Tuesdays” with the exception of recess periods.

Main Report

Background

1. This report asks Members to consider the appointment and composition of the Finance Committee's Sub-Committees. It also details the representatives that the Committee is requested to appoint to serve on other City Corporation Committees or in other positions.
2. As set out in its Terms of Reference, there are a number of areas of the Finance Committee's work which require greater focus and therefore the following Sub-Committees have been created to manage those areas:
 - Corporate Assets;
 - Digital Services;
 - Efficiency & Performance;
 - Finance Grants Oversight and Performance; and
 - Procurement

3. Each of these Sub-Committees is considered in turn below. Details of their proposed composition and Terms of Reference are set out in Appendix 1 of this report.

Finance Committee Sub-Committee appointments

(A) Corporate Asset Sub-Committee

4. Composition:
- A minimum of **four** and maximum of **nine** total Members of the Finance Committee (includes the Chairman and Deputy Chairman of the Finance Committee and the Chairman and Deputy Chairman of the Sub-Committee)
 - Three members of the Policy and Resources Committee
 - Three members of the Property Investment Board.

Should any vacancies remain following the first meeting of each of these Committees, these vacancies will be made available to all Members to the Court of Common Council, to be appointed by the Finance Committee at its next meeting.

5. The Sub-Committee is working well, and it is suggested that it continues to be scheduled to meet six times per year.
6. The Sub-Committee met five times in 2019/20 (two meetings were cancelled in April and June 2020 due to Covid-19). Membership and attendance from Finance Committee representatives was as follows:

Finance Committee Representatives

1. Chairman: Jamie Ingham Clark	5/5
2. (current) Deputy Chairman: James de Sausmarez	2/5
3. (former) Deputy Chairman: Dominic Christian	2/5
4. Jeremy Mayhew	5/5
5. Rehana Ameer*	N/A
6. Randall Anderson	5/5
7. Michael Hudson	3/5
Nick Bensted Smith**	3/5
Deputy Wendy Hyde**	4/5
Andrien Meyers***	N/A
Henry Pollard***	N/A

* appointed in May 2020

** stepped down in May 2020

*** appointed in May 2020, stepped down (due to changes to FC membership) in July 2020

Policy & Resources Committee Representatives

Marianne Fredericks
Joyce Nash

Philip Woodhouse

Property Investment Board Representatives

John Chapman

Alderman Alison Gowman

Edward Lord

(B) Digital Services Sub-Committee

7. Composition:

- A minimum of **10** and a maximum of **14** Members of FC and the Court of Common Council (appointed by the Finance Committee). It is not necessary for there to be a balance between the number of Finance Committee representatives and Court of Common Council representatives. To note, the 14 includes the Chairman and Deputy Chairman of the Finance Committee and the Chairman and Deputy Chairman of the Sub-Committee.
- A member of the Police Committee (holder of the Special Interest Area for IT)

8. The Sub-Committee is working well, and it is suggested that it continues to be scheduled to meet six times per year.

9. The Sub-Committee met six times in 2019/20. The membership and attendance were as follows:

Finance Committee Representatives

1. Chairman: Randall Anderson	6/6
2. (current) Deputy Chairman: Alderman Sir Peter Estlin*	1/1
3. (former) Deputy Chairman: Jamie Ingham Clark	6/6
4. Jeremy Mayhew	4/6
5. Rehana Ameer	5/6
6. Roger Chadwick	3/6
7. Tim Levene	1/6
8. Hugh Morris	3/6
9. Ben Murphy	1/6

*appointed in February 2020

Court of Common Council Representatives**

John Chapman	5/5
Sylvia Moys	3/5
Barbara Newman	5/5
James Tumbridge	2/5

**appointed after the 30th May 2019 meeting of the Sub-Committee

Police Committee representative

Keith Bottomley

(C) Efficiency and Performance Sub-Committee

10. Composition

- A minimum of **nine** and maximum of **13** total Members of the Finance Committee (includes the Chairman and Deputy Chairman of the Finance Committee who also serve as the Chairman and Deputy Chairman of the Sub-Committee)

11. The Sub-Committee is working well, and it is proposed that it should continue to meet under its present arrangements, with meetings scheduled to take place six times per year.

12. The Sub-Committee met five times in 2019/20 and the membership and attendance were as follows:

1. Chairman: Jeremy Mayhew	5/5
2. Deputy Chairman: Jamie Ingham Clark	5/5
3. Randall Anderson	3/5
4. Roger Chadwick*	1/1
5. Dominic Christian*	0/1
6. Alderman Sir Peter Estlin*	0/1
7. Clare James	3/5
8. Oliver Lodge*	0/1
9. Alderman Nicholas Lyons	1/5
10. Paul Martinelli	2/5
11. Hugh Morris	4/5
12. James de Sausmarez*	1/1
13. Philip Woodhouse	4/5
Henry Pollard**	2/4

*appointed in May 2020

**stepped down in May 2020

(D) Finance Grants Oversight and Performance Sub-Committee

13. Composition

- A minimum of **nine** and maximum of **13** total Members of the Finance Committee (includes the Chairman and Deputy Chairman of the Finance Committee and the Chairman and Deputy Chairman of the Sub-Committee)

14. The Sub-Committee is working well, and it is suggested that it continues to be scheduled to meet three times per year.

15. The Sub-Committee met twice in 2019/20 and the membership and attendance were as follows:

1. Chairman: Nick Bensted-Smith	2/2
2. Deputy Chairman: Philip Woodhouse	2/2

3. Jeremy Mayhew	2/2
4. Roger Chadwick*	N/A
5. Simon Duckworth	1/2
6. Jamie Ingham Clark	2/2
7. Paul Martinelli	1/2
8. Ian Seaton	1/2
Wendy Hyde**	1/2
John Fletcher***	1/2

*appointed in May 2020

**stepped down in May 2020

***stepped down in July 2020 due to changes in FC Membership

(E) Procurement Sub-Committee

16. Composition
 - A minimum of **nine** and maximum of **12** total Members of the Finance Committee (includes the Chairman and Deputy Chairman of the Finance Committee and the Chairman and Deputy Chairman of the Sub-Committee)
17. The Sub-Committee is working well, and it is suggested that it continues to be scheduled to meet six times a year, with the understanding that meetings can be cancelled at short notice due to limited business.
18. The Sub-Committee met seven times in 2019/20. Membership and attendance were as follows.

1. Chairman: Hugh Morris	7/7
2. Deputy Chairman: Robert Merrett	7/7
3. Jeremy Mayhew	5/7
4. Randall Anderson	5/7
5. Roger Chadwick**	1/1
6. Michael Hudson	6/7
7. Jamie Ingham Clark	7/7
8. Alderman Gregory Jones*	0/5
9. Susan Pearson	6/7
10. William Pimlott	2/7
11. Philip Woodhouse**	0/1
John Fletcher***	4/7

*appointed in September 2019

**appointed in May and June 2020

*** stepped down in July 2020 due to changes in FC Membership

Representatives on other Committees etc.

(F) One representative to serve on the Establishment Committee

The Committee met eight times in 2019/20 and the representative was Deputy Jamie Ingham Clark. Deputy Ingham Clark attended **seven** meetings.

Deputy Ingham Clark also served on the Joint Consultative Committee, which met four times, with Deputy Ingham Clark attending all the meetings.

(G) One representative to serve on the Barbican Centre Board

Deputy Wendy Hyde was appointed to the Barbican Centre Board in 2019/20. The Barbican Centre Board met six times and Deputy Hyde attended **five** meetings.

(H) Two Representatives to serve on the Projects Sub (Policy & Resources) Committee

The Sub-Committee met 12 times in 2019/20 and the representatives were Benjamin Murphy and James de Sausmarez.

Benjamin Murphy	3/12
James de Sausmarez	11/12

(I) One representative on the Streets and Walkways Sub (Planning & Transportation) Committee

The Sub-Committee met seven times in 2019/20 and the representative was Paul Martinelli. Mr Martinelli attended **six** meetings.

(J) One representative on the Courts Sub-Committee

The Sub-Committee met twice in 2019/20 and the representative was Alderman Gregory Jones. Alderman Jones attended **one** meeting.

(K) Representatives for Consultation with the Court of Aldermen and Representatives of the Policy & Resources Committee on Mayoralty and Shrievalty Allowances

This deputation is responsible for giving detailed consideration to the allowance for expenses for the offices of the Lord Mayor and the Sheriffs for the coming year. In 2019/20, the Committee's representatives were the Chairman, the Deputy Chairman and Philip Woodhouse. This Committee met once in 2019/20.

(L) Membership on other Committees

The Committee is asked to note that the Chairman and Deputy Chairman of the Finance Committee are appointed as Members of the Resource Allocation Sub (Policy and Resources) Committee. In addition, the Chairman is appointed as a Member of the Mayoral Visits Advisory Committee.

(M) Ex-officio representation on other Committees

The Committee is asked to note that the Chairman and Deputy Chairman of the Finance Committee are ex-officio Members of the following Committees:

- Policy & Resources Committee
- Investment Committee
- Audit & Risk Management Committee
- Hospitality Working Party (Policy and Resources)

In addition, the Chairman (or his nominee) will be an ex-officio Member of the following Committee:

- Public Relations and Economic Development Sub (Policy and Resources) Committee

Frequency of meetings

19. The Committee is also required to review the frequency of its meetings on an annual basis. Conventionally, the Committee meets every fourth week on Tuesdays with the exception of recess. Given the amount of business the Committee considers, it is proposed that this schedule continues, although meetings will be cancelled in the event that there is not sufficient business to transact. Agenda planning will highlight the instances of this at the earliest opportunity.

Appendices

- Appendix 1 – Finance Committee Sub-Committees – Composition and Terms of Reference

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Corporate Asset Sub-Committee (CASC) Terms of Reference

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.

Composition

- Chairman and Deputy Chairman of the Finance Committee
- Chairman and Deputy Chairman of the Sub-Committee
- A maximum of Five additional Finance Committee Members
- Three members of the Policy and Resources Committee
- Three members of the Property Investment Board.

(Should any vacancies remain following the first meeting of each of these Committees, these will be made available to all Members to the Court of Common Council, to be appointed 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 be responsible for the effective and sustainable management of the City of London Corporation's operational property portfolio, to help deliver strategic priorities and service needs, including;
 - agreeing the Corporate Asset Management Strategy;
 - responsibility for reviewing and providing strategic oversight of the Corporation's Asset Management practices and activities and advising Service Committees accordingly;
 - responsibility for reviewing and providing strategic oversight of the Corporation's Facilities Management practices and activities and advising Service Committees accordingly;
 - To maintain a comprehensive Property Database and Asset Register of information which can be used in the decision making process;
 - In line with Standing Orders 53 (Asset Management Plans) and 56 (Disposal of Surplus Properties) and the duties set out within legislation,

- including the Localism Act 2011 and the Housing and Planning Act 2016, to monitor the effective and efficient use of all operational property assets; and
 - Oversight of the management of operational leases with third parties, occupation by suppliers and those granted accommodation as benefits-in-kind.
 - In accordance with Standing Orders 57 and 58, the sub Committee can make disposals of properties which are not suitable to be retained as investment property assets
- To be responsible for the upkeep, maintenance and, where appropriate, furnishing for operational properties (including the Guildhall Complex) which do not fall within the remit of another Service Committee;
- To monitor major capital projects relating to operational assets to provide assurance about value for money, accordance with service needs and compliance with strategic plans;
- To recommend to the joint meeting of the Resource Allocation Sub-Committee and the Efficiency and Performance Sub-Committee the annual programme of repairs and maintenance works (including surveys, conservation management plans, hydrology assessments and heritage landscapes) planned to commence the following financial year, and to monitor progress in these works (when not included within the Project procedure)
- To be responsible for strategies, performance and monitoring initiatives in relation to energy;
- To monitor and advise on bids for Heritage Lottery funding; and
- To provide strategic oversight for security issues across the Corporation's operational property estate; with the objectives of managing security risk; encouraging consistent best practice across the Estate; and, in conjunction with the Establishment Committee, fostering a culture of Members and officers taking their responsibilities to keeping themselves and the buildings they occupy secure.

Digital Services Sub-Committee (DSSC) Terms of Reference

The DSSC 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 the Data Protection compliance (all media including paper).

Composition

- Chairman of the Finance Committee
- Deputy Chairman of the Finance Committee
- One Member appointed by the Police Committee as a Special Interest Area holder.
- Between 10 and 12 further Members, made up of:
 - Members of the Finance Committee, appointed by the Finance Committee.
 - Members of the Court of Common Council, appointed by the Finance Committee. (It is not necessary for there to be a balance between the number of Finance Committee representatives and Court of Common Council Representatives)

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 oversee the risk management and risk assessment of all Digital services to ensure that the services provided allow the effective delivering of the Corporation's and the Police's business operations.
- To oversee IT and both physical and computer based Data Protection compliance.
- To ensure the appropriateness and effectiveness of the Digital infrastructure and services for the City of London Corporation and the City of London Police.
- To ensure that all appropriate actions are taken to assure the security, resilience and sustainability of all Digital systems.
- To operate as an intelligent client for all major IT outsourcing arrangements which have been contracted to third parties.
- To oversee effectiveness and value for money of the digital services provision in all departments.
- Where appropriate, to hold informal workshop meetings to provide an opportunity to give in-depth scrutiny to projects.
- To report back, as necessary, to the Finance Committee.

Efficiency and Performance-Sub Committee (E&P) Terms of Reference

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.

Composition

- Chairman - Chairman of the Finance Committee
 - Deputy Chairman - Deputy Chairman of the Finance Committee
 - A minimum of 9 and a maximum of 13 Members of the Finance Committee appointed by the Finance Committee (this minimum includes the Chairman and Deputy Chairman of the Grand Committee and the Chairman and Deputy Chairman of the Sub-Committee)*
- *currently the Chairman and Deputy Chairman of the Grand Committee also serve as Chairman and Deputy of E&P

Terms of Reference

- To consider and advise the Grand Committee on matters relating to value for money in all aspects of the City of London Corporation's and the City of London Police's activities
- In accordance with Standing Orders to consider, with the Resource Allocation Sub Committee, the resource allocation plans for subsequent financial years prior to their approval by the Policy and Resources Committee
- To review periodically the performance of each Chief Officer in order to promote efficiency and value for money and to ensure, over a period of time, full Member level scrutiny of all expenditure planned.
- To be responsible for overseeing and monitoring the agreed programme of work arising from saving and efficiency programmes ensuring the achievement of savings and suggesting further areas for examination as appropriate.
- To review and to monitor performance against the Chamberlain's Departmental Business Plan and related corporate initiatives in order to promote efficiency and value for money.
- To make recommendations, where necessary, to bring about improvements in performance

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

Procurement Sub Committee Terms of Reference

Composition

- Chairman – to be proposed by the Chairman of the Finance Committee (if the Chairman of the Finance Committee does not intend to take up the position)
- Deputy Chairman – to be proposed by the Chairman of the Finance Committee (if the Deputy Chairman of the Finance Committee does not intend to take up the position)
- Chairman of the Finance Committee
- Deputy Chairman of the Finance Committee
- Between five and eight additional Members of the Finance Committee;

Terms of Reference

- To scrutinise and be responsible for 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.
- To consider and recommend all procurement contracts above £4m to the Finance Committee.
- To invite representative(s) from the relevant Spend Committee to attend meetings ensuring decisions are made corporately
- To provide officers with advice focussed 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)
- To review and consider approvals of £50k+ waivers for the Chamberlain's department contracts
- 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.

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Committee:	Dated
Finance Committee	21 July 2020
Subject: Revenue Budget Monitoring to June 2020	Public
Report of: Chamberlain	For Information
Report author: Laura Yeo, Senior Accountant, Financial Services Division	

Summary

This report provides Members with an update on the financial position and the impacts of COVID-19 on budgets since the last update as at end of May reported to your Committee in June.

The estimated overall forecast year-end overspend across all funds is an improved position of £27.6m as at the end of June (Quarter 1), representing a reduction of £2.8m when compared to £30.4m at the end of May. This comprises an adverse variance of £20.3m (8%) on Chief Officer Cash Limited Budgets mainly on City Fund, and an adverse variance of £7.3m (13%) on Central Risk Budgets excluding The City Bridge Trust (CBT) grant giving and London Community Response Fund (LCRF) advance commitments.

Chief Officer Cash Limited Budgets

The year-end forecast for Chief Officer Cash Limited Budgets is an overspend of £20.3m against the latest approved budget of £246.7m. This includes significant forecast overspends for the Barbican Centre (£12.7m); an improved position from last month (£13.2m) and Open Spaces (£5.0m). This is partially offset by an underspend for the City of London Police (CoLP) (£4.0m).

Central Risk Budgets

At Quarter 1 the year-end Central Risk Budgets are forecast to be £7.3m worse than the latest approved budget of £47.4m. The forecast excludes CBT grant giving and LCRF advance commitments.

Fund Position

The overall (Local and Central Risk) forecast year-end position of £27.6m worse than budget, with Guildhall Administration apportioned across the three funds gives adverse positions of £18.9m on City Fund, £4.7m on City's Cash and £4.0m on Bridge House Estates.

City Fund had a £27.3m start of year surplus. The current forecast deficit of £18.9m reduces the end of year surplus (net of COVID-19 impacts) to £8.4m.

The Government has announced further support for Local Authorities with respect to lost income, for which we are awaiting further details. Early estimates indicate this support could be in the region of £14.2m, which would improve the City Fund position from an £18.9m to a £4.7m deficit and increase the year end surplus position. Once details are confirmed this funding will be incorporated into the forecast position.

Recommendation

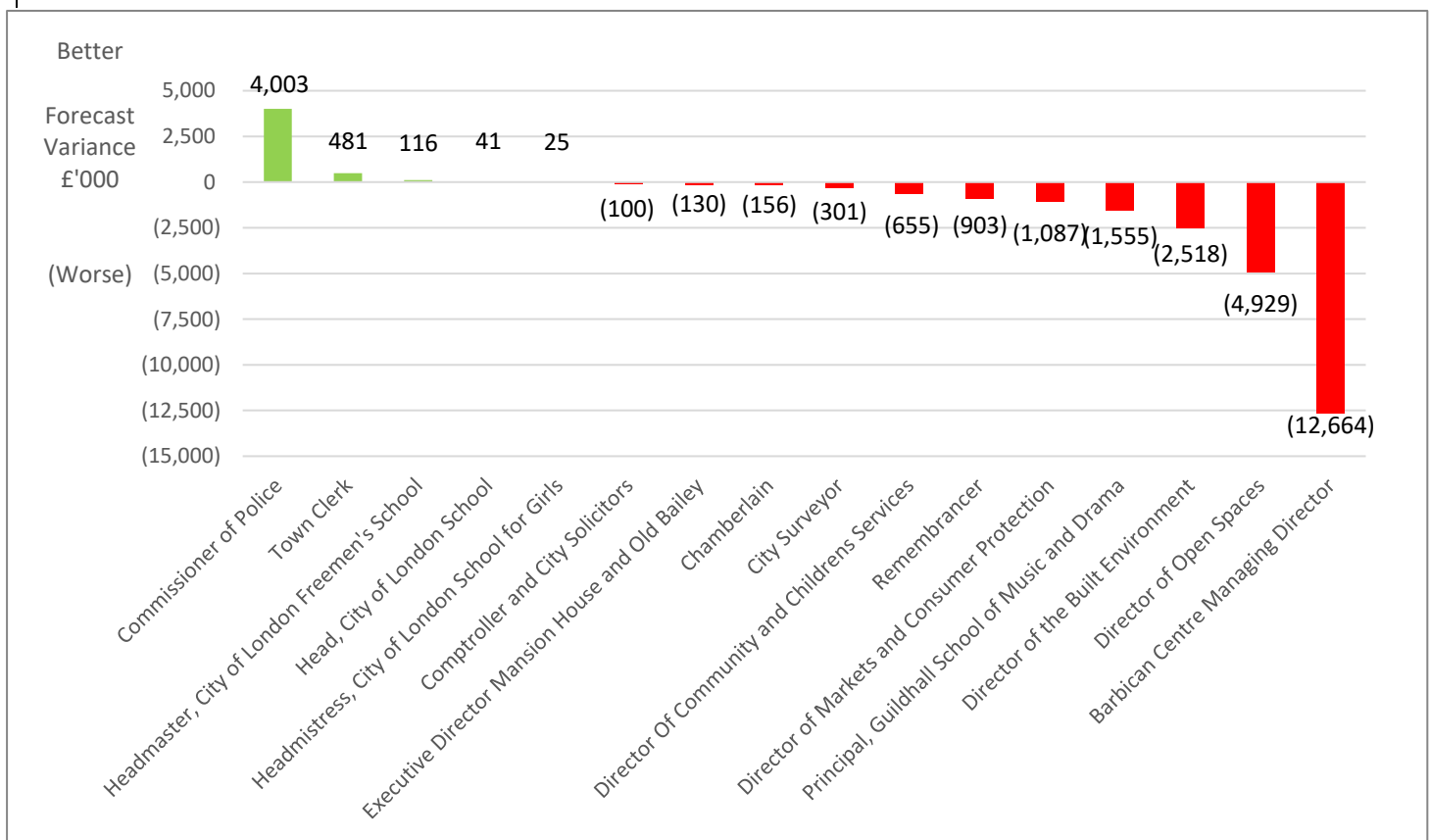
Members are asked:

- i. to note the report.

Main Report

Chief Officer Cash Limited Budgets

1. The year-end forecast is an overspend of £20.3m against the latest approved budget of £246.7m. Chief Officer variances against net local risk budgets are shown in the below chart and in Appendix 1 by Fund.



2. The forecast position comprises an adverse variance of £42.5m on budgeted income of £293.5m, partially offset by a favourable variance of £22.2m on

budgeted expenditure of £540.2m. Appendix 2 provides income and expenditure budget variances by Chief Officer.

3. The Barbican Centre are forecasting an adverse variance of £12.7m at year end, an improved position from £13.2m at period 2. This comprises a shortfall of £22.0m on income due to the centre being closed following the impact of COVID-19, in addition to limited activity being forecast for the remainder of the financial year due to social distancing measures. This is partially offset by expenditure savings of £9.4m due to activity reductions as well as a hold on all non-essential expenditure. Improvement in the forecast position from the last period is due to the backdated funding from the furlough of casual staff.
4. Open Spaces is forecast to be overspent by £5.0m due to reduced income as a result of the ongoing pandemic; no change from period 2. This comprises losses from closed attractions and facilities, shortfalls in rental income and reductions in projects being delivered in the city.
5. The Built Environment forecast an £2.5m adverse variance due to the significant impact of COVID-19 on income streams across the department, most significantly within off-street parking, traffic management, public conveniences and building control services, together with a reduction in income from staff recharges to capital projects, also due to COVID-19. This compares to £2.8m at period 2. Since the last report expenditure has reduced by some £300k due to a reduction in the contract costs for parking enforcement, staff vacancies and savings from the early removal of Automatic public conveniences no longer in use.
6. Guildhall School of Music and Drama is forecast to be £1.6m worse than budget. Forecast changes to date reflect latest estimates for lost income as a result of cancelled programmes and activities due to COVID-19. It also includes a number of currently vacant posts that are likely to be removed pending further review in the coming months, along with additional costs incurred as a result of COVID-19. This is an improved position on period 2 forecast of £1.8m worse than budget.
7. The majority of the adverse forecast in Markets and Consumer Protection relates to a substantial decrease in income generation from Heathrow Animal Reception Centre (HARC) and the Ports, which are each currently forecasting a shortfall of £0.5m. Additionally, there has been a loss of income from car parking at Smithfield Market Rotunda and extra costs have been incurred in relation to COVID-19 for adaptations to HARC facilities to meet social distancing requirements. However, their overall position has improved by £621k due to savings on vacancies and reduced casual staff and use of overtime at the HARC and reductions in energy costs and car park contract costs at New Spitalfields Market.

8. Remembrancer is also continuing to forecast an overspend of £0.9m due to no private event hire at Guildhall since the start of the financial year. No events are likely until at least late autumn. Three of the four most lucrative months in the year - May, June, September and November - will achieve nil or very nearly nil income.
9. CoLP are also forecasting a similar position to last month being an underspend of £4.0m by the end of the year. This is primarily due to a pay underspend of £7.6m, based on current workforce and recruitment plans. CoLP are also able to claim losses as a result of COVID-19 from the Home Office as part of the 'ring-fenced £1.2m uplift grant'.

Central Risk Budgets

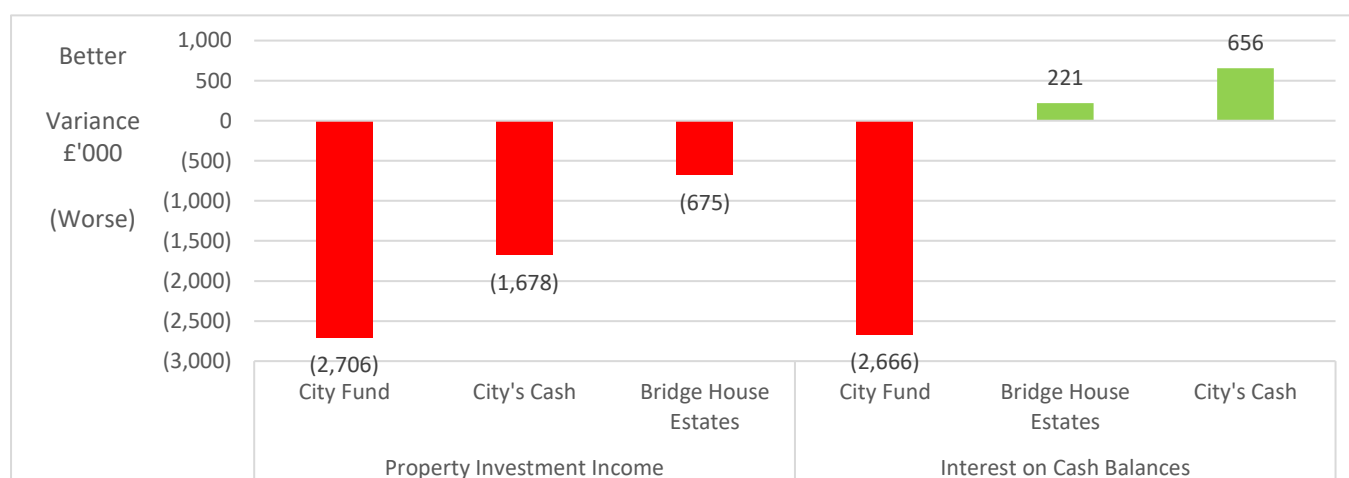
10. At Quarter 1 the forecast for Central Risk Budgets is an adverse variance of £7.3m against the latest approved budget of £47.4m. This figure excludes CBT grant giving advance commitments (£36.4m) and London Community Response Fund commitments (£12.8m).
11. This comprises a favourable variance of £6.7m against budgeted expenditure of £198.8m and an adverse variance of £14.0m against the budgeted income of £253.4m. The key budget areas are addressed in the following paragraphs.

Corporate Income Budgets

12. Property Investment income at Quarter 1 is forecast to be £5.1m worse than budget of £136.1m and comprises:
 - City Fund £2.7m adverse – Due to COVID-19 assessment of tenant rent frees and rent deferrals (1.4m), a further provision for lease expiries of (306k) and rent stretch target of (1.0m) which is no longer achievable.
 - City's Cash £1.7m adverse – Due to COVID-19 assessment of tenant rent frees and rent deferrals (2.1m) offset by rental growth (£0.5m).
 - Bridge House Estates £0.7m adverse – Due to COVID-19 assessment of tenant rent frees and rent deferrals (0.7m).

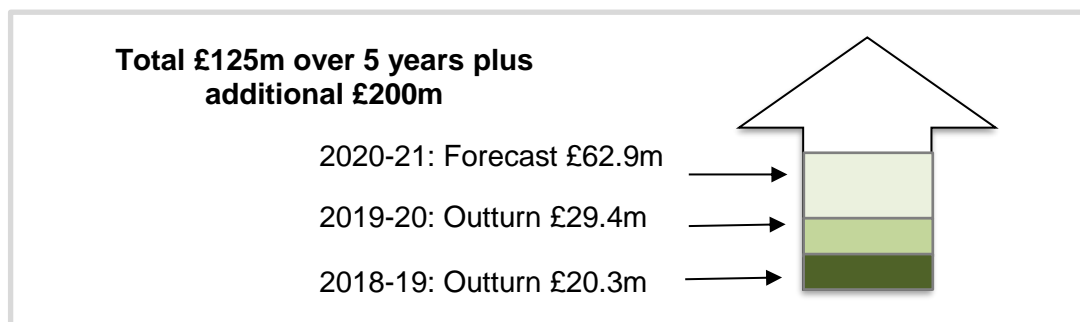
These figures come with a big health warning and forecasts will be closely monitored and revised at each quarter.
13. Interest on cash balances in money market funds are anticipated to be £1.8m below budget of £8.3m at year-end.

14. Elements of the forecast are subject to a lot of uncertainty, principally around the likely direction of interest rates but also over cash balances. At the moment, it is assumed, in line with our treasury advisors, that Bank of England's base rate will stay at 0.10% for the remainder of the year and that our returns will gradually gravitate towards that level over the course of 20/21. It is at least possible that rates could be reduced to zero or go negative in the coming months as the economic damage of COVID-19 is revealed or in the event of a second wave and a fresh attempt at monetary support is required. Naturally, this would reduce interest income even further.
15. Property Investment Income and Interest on Cash Balances variances against net local risk budgets are shown in the below chart.



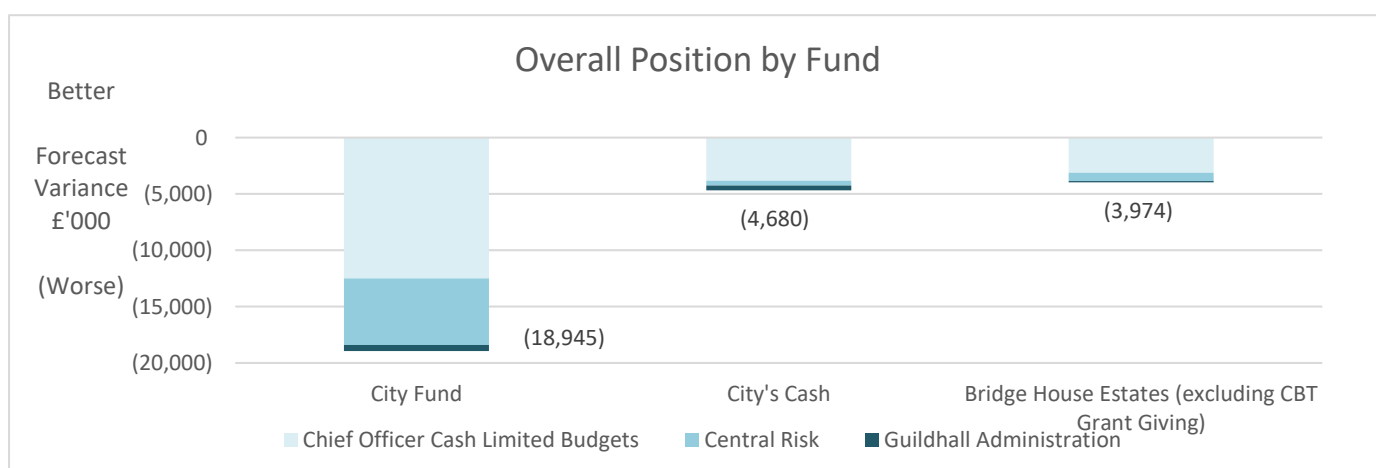
The City Bridge Trust Grants Budget

16. An additional £25m was approved under the Bridging Divides (BD) programme bringing the total sum available to £125m over 5 years. In March 2020, Court also approved £200m for allocation under BD. CBT are forecasting to commit £62.9m by the end of March 2021 from total funds available, with £45m of this not having been included within the original 20/21 budget.
17. Following the COVID-19 pandemic, a total of £7.6m has been donated to BHE for the London Community Response Fund (LCRF). In addition to this, CBT redirected £6.0m of the allocation under its BD programme to the LCRF, giving a total of £13.6m. £1.8m of this income was received in late 2019/20, so is held in the year-end reserves awaiting spend in 20/21.
18. At present the regular funding programmes operated by CBT have been 'paused' for a few months to enable staff to focus on the LCRF. Due to this, resources are being redirected where possible, alongside the costs relating to these. Whilst the pause in applications is helping to slow down demand for CBT funds, there are significant levels of these in the pipeline. The July 2020 CBT Committee will be considering the appropriate use of funds available to CBT across the coming years.



Fund Position

19. The overall (Local and Central Risk) forecast year-end position is £27.6m worse than budget, with Guildhall Administration apportioned across the three funds gives adverse positions of £18.9m on City Fund, £4.7m on City's Cash and £4.0m on Bridge House Estates.
20. City Fund had a £27.3m start of year surplus. The current forecast deficit of £18.9m reduces the end of year surplus (net of COVID-19 impacts) to £8.4m.



COVID-19 Contingency and spend

21. The Covid-19 contingency fund of £1.5m has at the time of writing this report total commitments of £664,000 leaving a balance of £836,000. Details of the allocations is provided at Appendix 3.
22. Chief Officers are asked to contain COVID expenditure within existing local risk budgets where possible. The expenditure is separately coded to keep a total of all COVID spend not covered by the COVID Contingency. The total spends across all departments included within their local risk projections in 2020/21 is shown in the table below: -

City Fund Main Account	£1,689,462
City's Cash	£1,143,932
HRA	£350,818
Bridge House Estates	£376,157
Total	£3,560,369

Note: the above spend is included within the overall forecast outturn position.

Government Support Measures

23. The Government has recently announced further support measures for Local Authorities and cultural, arts and heritage institutions. Full details of how these schemes will operate have yet to be released, but it is likely that these will have a positive impact on the projected deficits above.
24. For Local Authorities, the Government has announced financial support for lost income. This has been the major cause of the City Fund deficit. An indicative estimate of additional funding is in the region of £14.2m. This has not been factored into the above forecast as we are awaiting full details of how the scheme will operate, but should this prove to be an accurate estimate, the City Fund deficit would reduce to a £4.7m overspend.
25. The Government has also announcement financial support for cultural, arts and heritage institutions via grants and loan facilities. Full details of how the scheme will operate have yet to be released but this scheme may be applicable to services such a Tower Bridge. Again, such support has not be factored into the current forecast as we await full details of the scheme.

Business Rates

26. For Business Rates, the collection rate has continued to improve, which now stands 4.6% below the previous year. This will continue to be carefully monitored reflecting on the fast-changing business environment.

Conclusion

27. Members are asked to note the Quarter 1 forecast year-end position of £27.6m worse than budget position comprising adverse variances of £20.3m on Chief Officer Cash Limited Budgets and £7.3m on Central Risk Budgets. This is an improved position on the last period forecast of £30.4m. The impact of COVID-19 on City Fund reduces the start of year surplus from £27.3m to £8.4m based on the latest forecast position.

Appendices

- Appendix 1: Chief Officers Cash Limited Budgets by Fund

- Appendix 2: Chief Officers Cash Limited Budgets – Income and Expenditure Budget Variances
- Appendix 3: COVID Contingency Allocations

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Revenue Budget Monitoring Quarter 1 2020/21 – Appendices

Appendix 1

Chief Officer Cash Limited Budgets by Fund					
Original Budget £'000	Chief Officer	Full Year Forecast as at 31 June 2020			
		Latest Budget £'000	Forecast £'000	Variance Better / (Worse)	
				£'000	%
	City Fund				
(1,755)	Chamberlain	(1,755)	(1,534)	221	13%
(5,117)	City Surveyor	(5,240)	(5,086)	154	3%
(11,168)	Director of Community and Children's Services	(12,320)	(13,015)	(695)	(6%)
(2,199)	Director of Markets and Consumer Protection	(2,199)	(3,149)	(950)	(43%)
564	Director of Open Spaces	564	527	(37)	(7%)
(20,196)	Director of the Built Environment	(20,196)	(22,714)	(2,518)	(12%)
(402)	Executive Director Mansion House and Old Bailey	(402)	(480)	(78)	(19%)
(17,165)	Managing Director, Barbican Centre	(17,389)	(30,053)	(12,664)	(73%)
(15,065)	Town Clerk	(15,065)	(14,995)	70	0%
(72,503)	Total City Fund (excluding Police)	(74,002)	(90,499)	(16,497)	(22%)
	City's Cash				0%
(99)	Chamberlain	(99)	(187)	(88)	(88%)
(16,228)	City Surveyor	(16,103)	(16,967)	(864)	(5%)
(1,052)	Director of Community and Children's Services	(1,052)	(1,012)	40	4%
(1,365)	Director of Markets and Consumer Protection	(1,365)	(1,502)	(137)	(10%)
(11,822)	Director of Open Spaces	(11,852)	(13,279)	(1,427)	(12%)
(3,334)	Executive Director Mansion House and Old Bailey	(3,334)	(3,386)	(52)	(2%)
(1,217)	Head, City of London Boy's School	(1,217)	(1,176)	41	3%
118	Headmaster, City of London Freeman's School	118	234	116	98%
(275)	Headmistress, City of London School for Girls	(275)	(250)	25	9%
(6,799)	Principal, Guildhall School of Music and Drama	(6,799)	(8,354)	(1,555)	(23%)
(1,391)	Remembrancer	(1,391)	(1,333)	58	4%
(215)	Town Clerk	(215)	(203)	12	6%
(43,679)	Total City's Cash	(43,584)	(47,414)	(3,830)	(9%)
	Bridge House Estates				0%
(45)	Chamberlain	(45)	(45)	0	0%
(2,703)	City Surveyor	(2,703)	(2,690)	13	0%
(243)	Director of Open Spaces	(243)	(3,708)	(3,465)	(1,426%)
(275)	Director of the Built Environment	(275)	(275)	0	0%
(2,920)	Town Clerk	(2,939)	(2,618)	321	11%
(6,186)	Total Bridge House Estates	(6,205)	(9,335)	(3,130)	(50%)
	Guildhall Administration				0%
(22,165)	Chamberlain	(22,217)	(22,507)	(290)	(1%)
(8,666)	City Surveyor	(8,686)	(8,290)	396	5%
(845)	Comptroller and City Solicitor	(845)	(945)	(100)	(12%)
274	Remembrancer	274	(687)	(961)	(351%)
(6,536)	Town Clerk	(6,559)	(6,481)	78	1%
(37,938)	Total Guildhall Administration	(38,033)	(38,910)	(877)	(2%)
(160,306)	Grand Total (excluding Police)	(161,824)	(186,159)	(24,335)	(15%)
(84,884)	Commissioner of Police (City Fund)	(84,884)	(80,881)	4,003	5%
(245,190)	Grand Total	(246,708)	(267,039)	(20,331)	(8%)

Appendix 2

Chief Officer Cash Limited Budgets - Income and Expenditure Variances					
	Latest Gross Income / (Expenditure) Budgets £'000	Forecast Income / (Expenditure) £'000	Variance Better / (Worse)		Cause / Action
			£'000	%	
Barbican Center Managing Director	(45,105)	(35,748)	9,357	21%	Expenditure savings are due to activity reductions as well as a hold on all non-essential expenditure. Improvement in forecast from P2 to P3 is due to the backdated furlough funding agreement.
	27,716	5,695	(22,021)	(79%)	The loss of income forecast is due to the centre closure following the effect of Covid-19 in addition to limited activity being forecast for the remainder of the financial year due to social distancing measures.
Chamberlain	(25,032)	(24,990)	42	0%	Minor overall variance across department
	916	718	(198)	(22%)	Underachievement of income mainly due to reduction in court cost income as a result of recovery suspension and reduction in Freedom ceremonies for 9 months. Assume that Freedoms return to normal levels in January 2021.
City Surveyor	(46,387)	(46,049)	338	1%	Savings largely due to Guildhall running costs (£637k), principally energy and security due to the building being empty during the Covid19 pandemic, with an assumed increased use of the Guildhall from end of October, partially offset by cost anticipated for required works to the building to make it Covid-19 compliant to allow staff to return; City Fund savings (£253k) for Walbrook Wharf and Magistrates Court running costs due to properties unoccupied during the Covid-19 pandemic; savings partially offset by overspend on City's Cash (£564k) which comprises inclusion of the carry-forward overspend for CS from 2019/20 of £320k with the balance due to an anticipated overspend on departmental salaries as Fundamental Review savings have not been realised as planned due to delay in producing the City's Target Operating Model.
	13,655	13,016	(639)	(5%)	Shortfall largely due to City's Cash (£300k) reduced professional fee income anticipated due to a lower number of property deals in the current Covid-19 pandemic; Guildhall (£241k) reduced income anticipated principally in respect of recovery of security and other staff costs relating to Guildhall from external events which is due to cancellation of these events in the current pandemic; City Fund (£99k) reduced income from Magistrates Court and Walbrook Wharf as a consequence of lower spend as these costs are recoverable through Government grant and service charge respectively. Note it is anticipated at present that the Investment Estate's will be on target at year end but will depend on any significant tenant failures in the present pandemic.
Commissioner of Police	(161,953)	(156,727)	5,226	3%	As at month 3 the projected full year outturn position is a £4.0m underspend. Current workforce and recruitment plans have been reviewed and will be monitored closely during the year, the current position is based on an escalated recruitment process and a number of recent new appointments. The projected attrition levels have been revised due to COVID19, assuming there will be no leavers during the financial year. Police services have remained as business as usual during COVID19, there have been no other variances in income and expenditure to date, however, it should be noted that there might be some reductions in grants, e.g. the TFL grant, however, it is too early to predict. This will be flagged up in the quarterly monitoring reports to Members. Overtime, non-pay and income are currently forecasted to budget. Challenging savings target of £5.7m expected to be achieved in this financial year. Various pressures do exist, such as COVID 19, however, we are able to claim losses from the Home Office as part of the 'ring-fenced £1.2m uplift grant'. Also there are pressures for Wood street and New Street costs for 20/21 which will have to be managed and accommodated within existing budgets, including the significant delay in closure of Wood Street.
	77,069	75,847	(1,222)	(2%)	
Comptroller and City Solicitors	(4,717)	(4,717)	0	0%	No Variance
	3,872	3,772	(100)	(3%)	Shortfall due to expected under recovery as a result of COVID-19 impact on commercial property sector.

	Latest Gross Income / (Expenditure) Budgets £'000	Forecast Income / (Expenditure) £'000	Variance Better / (Worse) £'000 %		Cause / Action
Director of Community and Childrens Services	(32,313)	(33,081)	(768)	(2%)	Overspend largely due to pressure on Rough sleepers and Homelessness budgets. COVID-19 costs (not business as usual) included until March 21 at an estimated cost of £1.4m. Outturn assumes that DCCS will be successful in bidding from the COVID contingency pot and includes £261k income. The majority of these additional costs are being absorbed by a current underspend on adult / older people social care. This has been based on the current level of clients however a small change in client numbers can have a major impact on the budget.
	18,941	19,054	113	1%	Income levels estimated to be at medium case around 30% once services reopen. The forecast variance comprises a reduction on car Parking income due to congestion charge as less people are expected to use the car parks; micro commercial(Bright Horizons Nursery, St Pancras Medical Centre) income has been adversely impacted due to COVID-19; income for the Stores has increased due to increased occupancy for the baggage stores; and Trade Centre forecast income has further reduced because Virgin Active wish to surrender the property before the lease expires.
Director of Markets and Consumer Protection	(25,331)	(25,328)	3	0%	Overall minor variance comprises an overspend due to additional staff costs at the Ports for Brexit preparations, extra costs for COVID -19 adoptions to HARC facilities to meet social distancing requirements, and an increase in grant-funded sampling costs. This overspend is offset by savings on vacancies and reduced casual staff and overtime use at Heathrow Animal Reception Centre (HARC) and Spitalfields Market, reduction in energy costs, and reduced car park contract costs as a result of COVID-19.
	21,767	20,677	(1,090)	(5%)	The forecast overspend mainly reflects the impact of COVID-19 on income generation across services, principally at the Ports and Heathrow Animal Reception Centre which are each currently forecasting a shortfall of £0.5m. In addition, a reduction in service charge income at New Spitalfields Market is anticipated due to reductions in expenditure. These overspends are partly offset by an increase in transfers from reserves (Products of Animal Origin) to meet the cost of additional staff at the Ports for Brexit preparations, and new grant income at the Ports. The forecast overspend is due to loss of car parking income at Smithfield Market Rotunda and Billingsgate Market, and of filming income, as a result of COVID-19, and a reduction in service charge income at Billingsgate Market reflecting reduced expenditure. In addition, the forecast assumes that a loss of income from not charging business rates to Smithfield Market tenants will be met by a combination of carry-forward and central COVID pot funding; if those are not agreed, the overspend will increase by £303k from the figure currently reported. Further losses will be incurred if the proposal to offer rent-free periods to qualifying tenants is approved - these cannot yet be quantified.
Director of Open Spaces	(29,293)	(26,695)	2,598	9%	Underspend largely relates to Tower Bridge Tourism of savings of around £1.6m based on their 4 July opening. There are significant cuts to minor works budgets (content development and visitor improvement projects) originally planned for Q3&4. Savings are partly offset by anticipated equipment spend related to C-19 measures (PPE, perspex etc). Smaller savings expected on the Operational side of around £36K as this budget relates to the organisation's statutory obligation for raising Tower Bridge, associated maintenance and 24/7 Security provision with ref to the Bridge as a Tier 1 NaCTSO site. These critical functions have been maintained throughout the crisis, with a moderate reduction in forecast expenditure due to equipment and improvement works stood-down or delayed in order to focus on critical services.
	17,762	10,234	(7,528)	(42%)	Shortfall largely relates to Tower Bridge Tourism with figures based on current assumption following 4 July reopening. Figures inclusive of Estimated Income for Admissions; Filming; Corporate Events - admissions based on operational capacity to ensure social distancing (14% of normal capacity Sept-Dec and 20% thereafter). Forecast losses for the year are £4.6m, leading to a net loss of income of £3.0m

Chief Officer Cash Limited Budgets - Income and Expenditure Variances					
	Latest Gross Income / (Expenditure) Budgets £'000	Forecast Income / (Expenditure) £'000	Variance Better / (Worse) £'000 %		Cause / Action
Director of the Built Environment	(36,771)	(36,058)	713	2%	The forecast underspend is mainly due to a reduction in the contract cost for parking enforcement as a result of COVID-19, staff vacancies across the department, and savings from early removal of Automatic Public Conveniences, partly offset by an carry-forward and overspend from 2019/20, unidentified savings yet to be allocated, and the cost of the Tulip planning inquiry.
	16,300	13,070	(3,231)	(20%)	The forecast overspend is due to the significant impact of COVID-19 on income streams across the department, most significantly within off-street parking, traffic management, public conveniences, drains & sewers and building control services, together with a reduction in income from staff recharges to capital projects, also due to COVID-19.
Executive Director Mansion House and Old Bailey	(8,251)	(7,869)	382	5%	The Central Criminal Court is still being used as an operating court. Additional costs are being incurred for PPE for staff and cleaning. A proportion of these costs will be charged back to HMCTS at year end. There is expected to be a significant cost saving against the Lord Mayor's travel budget as no travel has happened so far in this financial year and at present no trips are booked for the remainder of the year, approx. £400k could be saved against this budget. Staffing underspends on overtime are also anticipated as no events have taken place or are currently planned. The forecast assumes that events in some form will be able to take place from January 2020. Savings have also been anticipated on the running costs of Mansion House as this has been closed since the end of March.
	4,515	4,004	(511)	(11%)	Event income at Mansion House is approximately £500k per year. No events have taken place so far this year. The forecast anticipates that events in some form will take place from January onwards.
Head of the Boys School	(22,321)	(20,765)	1,556	7%	Misc potential savings identified to help respond to the ongoing pandemic: £602,000. The transfer to the Capital Reserve Fund in 2020/21 has also been reduced by £914,000 due to the available funding.
	21,104	19,589	(1,515)	(7%)	Variances arising due to the ongoing pandemic: A 10% discount on tuition fees was offered to parents in the Summer term 2020: £597,000; Delay fee increase by a year to September 2021: £539,000; 5% proposed discount on tuition fees in Autumn 2020: £300,000; Bad debts estimated in 2020/21: £80,000.
Headmaster of City of London Freemans School	(19,996)	(18,131)	1,865	9%	The budgeted transfer to the Capital Reserve Fund of £1,565,000 will not now go ahead and misc savings of £352,000 were identified by the school.
	20,114	18,365	(1,749)	(9%)	Reduction in tuition fees of £3,104,000 as a result of the 20% fee discount offered in the Summer term, the proposed deferral of the fee increase to September 2021, an increase in bad debts anticipated this year and a further 10% fee discount that has been proposed for the Autumn term. Reduction in boarding fees of £354,000, mostly as a result of the boarding house being closed in the Summer term and as no international pupils are anticipated in the Autumn term. The above variances are partly offset by a forecast transfer from the General Reserve Fund to revenue of £1,618,000, which would result in that fund becoming overdrawn by circa £1.4m.
Headmistress of City of London School for Girls	(16,988)	(16,296)	692	4%	£244,000 of potential savings identified to help respond to the ongoing pandemic. Expenditure on repairs, maintenance and improvement is forecast to be £214,000 lower than the original budget. The full, planned works may not take place due to supply chain issues and contractors being unable to carry out works in the limited time available. In addition, the transfers to reserves have been reviewed given the available funding and reduced in total by £229,000.
	16,713	16,046	(667)	(4%)	Variances arising due to the ongoing pandemic: TUITION FEES 10% discount in the Summer term 2020: £477,000 Delay fee increase by a year to September 2021: £447,000 5% proposed discount in Autumn 2020: £242,000 Bad debts anticipated in 2020/21: £24,000 Partly offset by an increase in anticipated pupil numbers in September 2020 from 735 to 755: -£257,000 Reduced contribution from RM&I fund £214,000 (see above) Partly offset by a transfer from reserves to revenue -£479,000.

Chief Officer Cash Limited Budgets - Income and Expenditure Variances					
	Latest Gross Income / (Expenditure) Budgets £'000	Forecast Income / (Expenditure) £'000	Variance Better / (Worse) £'000 %		Cause / Action
Principal Guildhall School of Music and Drama	(34,537)	(35,142)	(605)	(2%)	The forecast for staffing includes a number of currently vacant posts that are likely to be removed pending further review in the coming months, along with additional costs incurred as a result of Covid-19.
	27,738	26,788	(950)	(3%)	Forecast changes to date reflect latest estimates for lost income as a result of cancelled programmes and activities due to Covid-19
Remembrancer	(2,901)	(2,438)	463	16%	Due to the impact of not being able to host any events at the Guildhall from the beginning of the financial year until assuming late Autumn, there will be significant cost savings associated with not hosting these events including staff time, equipment hire, printing and advertising.
	1,784	418	(1,366)	(77%)	No private event hire at Guildhall has taken place since the start of the financial year and is unlikely to take place until at least late autumn. An additional impact is that 3 of the 4 most lucrative months in the year - May, June, September and November will achieve nil or very nearly nil income.
Town Clerk	(28,311)	(28,015)	296	1%	Town Clerks currently has an expected £955k of forecasted overspends against budget that relate to COVID costs, £942k of these relate to SCG costs which are expected to be claimed from MHCLG with the remaining costs relating to operational costs. Due to the SCG costs being expected to be reclaimed from MHCLG, we are forecasting an over recovery of income of £942k which nets of the expenditure. There is an expected underspend of £78k relating to Graduate staffing spend due to vacancies. Town Clerks are also expecting an under recovery of income of £60k against budget due to COVID affecting the filming income. Innovation and Growth are expecting to have an underspend of £200k relating to savings on Travel and event space due to cancellations due to COVID.
	3,533	3,718	185	5%	
Total	(540,207)	(518,048)	22,159	4%	
	293,499	251,009	(42,490)	(14%)	
Grand Total	(246,708)	(267,039)	(20,331)	(8%)	

COVID spend as at 10th July 2020

The table below shows the approved spend against the COVID Contingency budget of £1.5m

Date	Bid Name	Description	Department	COVID Category	Fund	Allocation 2020/21
						£
		TOTAL BUDGET				1,500,000
03/04/2020	SMTA Rates Bill	For the COL to meet the cost of the Smithfield Market tenants rate bill as they are not covered by the government scheme; the City pays then recharges the tenants. The other Market tenants are covered under the scheme.	Markets & Consumer Protection	2. Support unforeseen expenditure required to support service	CF	79,000
07/04/2020	Provision of laptops	Urgent IT equipment being requested to be able to continue working at a business as usual capacity.	Chamberlains	2. Support unforeseen expenditure required to support service	CF	45,000
21/04/2020	COLPAI - CCTV	Installing CCTV at COLPAI site - Battery: CCTV installation at £35k for equipment + £6k for the fuel replacements for the second year	Communities and Children Services	2. Support unforeseen expenditure required to support service	CF	41,000
17/04/2020	Support the Mortality Management Group	Staffing resource during the COVID-19 crisis	Town Clerks	1. To enact contingency planning arrangements.	CF	27,000
24/04/2020	Direct Access Server Replacement + Additional Server	We have an urgent need to replace 1 Direct Access Server and add an additional server to improve resilience of our critical remote working infrastructure will take approximately 5-6 working days to complete from point of agreement	Chamberlains	2. Support unforeseen expenditure required to support service		37,000

11/05/2020	CoLP IT Resilience	CoLP had early and critical issues with the remote working infrastructure for the City of London Police. The solution agreed accelerates the CoLP IT Modernisation Programme to deliver new laptops between May and June to all the remote working staff. The 'Accelerated' implementation plan re-profiles the deployment of Windows laptop devices to officers and staff, focussing on core Productivity and Collaboration tools, delivering essential functionality sooner.	CoL Police	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CF	263,000
28/05/2020	Health and safety changes relating to public reception areas and visitor attractions	To reduce workspace risk and provide a safe workspace and safe public reception areas for a range of infrastructure changes required across all the Open Spaces including: Perspex barrier screens, tensator barriers, internal and external floor markers, additional signage, hand sanitiser stands to enable attractions to re-open to the public and generate income.	Open Spaces	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	65,000
09/06/2020	Using Public Transport and Social Distancing - Face Coverings	To note the report on face coverings for staff and endorse the proposal to purchase free reusable face coverings for all returning staff as a one off.	HR	3. To support and implement guidance issued by Government where there is no other compensating source of funding.	GHA	22,000
24/06/2020	CoL IT - Remote Working upgrades and expenses	Work required to ensure that systems are more stable to manage the large influx of additional people working at home including; Field Support for build and deploy of laptops at the start of COVID to prepare staff for Remote Working and fast track Intune/Azure Work.	Chamberlain's	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	81,000
		TOTAL ALLOCATIONS				664,000
		BALANCE AVAILABLE				836,000

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Committee(s): Finance Committee	Date(s): 21 July 2020
Subject: Provisional Outturn 2019-20	Public
Report of: The Chamberlain	For Information
Report author: Julie Smith, Acting Deputy Director, Financial Services	

Summary

The 2019-20 provisional net expenditure outturn position of £183.7m represents a better than budget position of £9.7m comprising £6.9m City Fund and £4.5m Bridge House Estates and a £1.7m worse than budget position for City's Cash. Further detailed analyses and explanations will be included in revenue outturns to the relevant service committees.

Of the £9.7m for all three funds, some £5.8m (60%) relates to timing differences – mainly the costs of Cyclical Works Programme (CWP) that have been re-phased to later years, subject to a review of the deliverability of the CWP in the post COVID environment. The final benefit to reserves will therefore be the £3.9m balance. The assumption has been made that the underspends, totalling £4m, on the Finance and Policy & Resources Committees contingencies will be carried forward. Other requests for carry forward total £2.9m, subject to the approval of Chairman and Deputy Chairman of the Resource Allocation Sub Committee on 14th July.

The 2019-20 provisional outturn position shows continued caution being exercised in the budget setting and forecasting of some income budgets, several of which were heavily impacted by the lockdown due to COVID 19 in March. Unusually, four departments had an end of year local risk overspend position (Barbican, Built Environment, City Surveyor, Mansion House & Central Criminal Court), indicative of the continuing financial pressures on the City's overall budget position. Finance Regulations state that Chief Officer overspends are to be carried forward. This will be reviewed at the meeting of the Chamberlain with the Chair and Deputy Chairman of Resource Allocation Sub Committee on 14th July.

There are also several centrally funded projects that have suffered from slippage from one year to the next, the details are provided in the separate Capital and Supplementary Outturn report on the agenda. The ongoing implications of 2019-20 variances will be taken into account in developing future financial plans and the development of the medium-term financial strategy especially with regard to the major projects, impacts of COVID 19 and savings requirements to ensure a balanced budget over the medium term.

The outturn detailed in this report is subject to external audit by BDO. The final audited Bridge House Estates, City Fund and Pension Fund accounts will be

presented to the Audit and Risk Management and Finance Committees in October. The final audited City's Cash and various Trust financial statements will be presented to those Committees in November.

Recommendation(s)

Members are asked to:

- Note the provisional outturn for the year ended 31 March 2020.

Main Report

Background

1. The original revenue budget of £209.8m was set by Court of Common Council in March 2019, Table 1 shows the 2019-20 outturn of £183.7m compared to the original budget.

Table 1: City Corporation summary outturn 2019-20 (Original budget to provisional outturn)

2019-20 Budget v Outturn - By Fund					
Net (Expenditure)/Income					
	Original Budget	Provisional Outturn	Variation (Better)/Worse		
			Total	Local Risk	Central Risk and Support Services
	£m	£m	£m	£m	£m
City Fund	(137.2)	(124.2)	13.0	(1.3)	14.3
City's Cash	(56.3)	(44.7)	11.6	(2.8)	14.4
Bridge House Estates	(16.3)	(14.8)	1.5	0.5	1.0
Total	(209.8)	(183.7)	26.1	(3.6)	29.7

2. A re budgeting exercise was carried out in the autumn and reported to the Court of Common Council in March 2020, with further late revisions resulting in the final budget of £193.4m, see Table below.

Budget Movement	
Original Budget	(209.8)
Movements approved at Finance Committee 19th February 2020 and Court 6th March 2020	22.4
Revised Budget	(187.4)
Further adjustments	
Police Pension Grant	(0.9)
Revenue Contributions to Capital (RCCO)	2.2
City Bridge Trust Grant Giving brought forward	(7.3)
Final Budget	(193.4)

3. Further detailed analyses and explanations of the outturn position will be included in revenue outturn reports to the relevant service committees. This report summarises the overall revenue budget outturn for the City Corporation as a whole.
4. Due to the materiality of the budget changes shown above we are using the final budget in the analyses throughout this report.

Current Position

5. The net expenditure outturn position of £183.7m represents a better than budget position of £9.7m, a 5% variance on the final budget of £193.4m. This is summarised in Table 2 below comparing the net budget and provisional outturn for City Fund, City's Cash and Bridge House Estates. A breakdown by Chief Officer is provided in Appendix 1.
6. The outturn detailed in this report is still subject to external audit by BDO. The final audited Bridge House Estates, City Fund and Pension Fund accounts will be presented to the Audit and Risk Management and Finance Committees in October. The final audited City's Cash and various Trust financial statements will be presented to those Committees in November.

Table 2: City Corporation summary outturn 2019-20 (Final budget to provisional outturn)

2019-20 Budget v Outturn - By Fund					
Net (Expenditure)/Income					
	Final Budget	Provisional Outturn	Variation (Better)/Worse		
			Total	Local Risk	Central Risk and Support Services
	£m	£m	£m	£m	£m
City Fund	(131.1)	(124.2)	6.9	2.3	4.6
City's Cash	(43.0)	(44.7)	(1.7)	3.7	(5.4)
Bridge House Estates	(19.3)	(14.8)	4.5	0.4	4.1
Total	(193.4)	(183.7)	9.7	6.4	3.3

7. Within the £9.7m budget variation are the costs of the CWP that have been re-phased into later years and other items over and above service-related underspends. Included within this outturn position is a £13.6m overspend on the Major Projects where the project expenditure was originally anticipated to be capitalised but has not met the criteria for capital expenditure. The capital outturn position is the subject of another paper on the committee's agenda.
8. The underspend position above includes budget bids subject to assessment by the Chamberlain in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub Committee on 14th July. Requests for carry forward total £2.9m (958k local risk and £1.9m central risk). Unspent contingency fund balances of £4.0m are assumed to be carried forward including the £1.5m balance on the COVID Contingency Fund.
9. Throughout the year forecast expenditure is monitored by Chief Officers to ensure that expenditure and income received is in line with budget and to highlight variances as they occur. The outturn position for the cash limited budget for each department by fund is shown at Appendix 2.

10. Unusually this year four departments had a local risk overspend; Barbican, Built Environment, City Surveyor, Mansion House & Central Criminal Court, indicative of the continuing financial pressures on the City's overall budget position. For the Barbican, Built Environment and City Surveyor this was mainly due to losses in income as a result of the lockdown in March due to the COVID 19 pandemic. The details will be provided in Service Committee Outturn reports.
11. Finance Regulations state that Chief Officer local risk overspends are to be carried forward. This will be reviewed at the meeting of the Chamberlain with the Chair and Deputy Chairman of Resource Allocation Sub Committee on 14th July.
12. The provisional outturn has been compared to the local risk forecast as at 31 Dec 2019. This shows significant movements between the forecast produced in December and the final outturn shown in the table below. Overall, the local risk outturn improved from the position reported in December by £5.2m (2.2%) despite the impact of COVID 19.

Table 3: Variance in forecast between Dec 2019 and Outturn

Chief Officer	Variance between December forecast and Outturn Better/(Worse)	% of total final budget
Chamberlain	1,363	5.5
City Surveyor (Excluding CWP)	1,926	5.9
Commissioner of Police	(199)	(0.3)
Comptroller and City Solicitor	28	2.9
Director of the Built Environmental	123	0.6
Director of Community and Children's Services	436	3.3
Director of Markets and Consumer Protection	126	2.8
Director of Open Spaces	83	0.7
Executive Director Mansion House and Old Bailey	(434)	(11.5)
Headmaster of the City of London Boys School	(1)	(0.1)
Headmaster City of London Freeman's School	(96)	165.5
Headmistress City of London School for Girls	2	0.8
Managing Director Barbican Centre	(89)	(0.5)
Principal Guildhall School of Music and Drama	1	0.0
Remembrancer	559	62.0
Town Clerk	1,415	5.6
Total	5,243	2.2

13. The Chamberlain continues to take steps to improve the quality of financial management information across the City Corporation. Increased utilisation of our Oracle system to collect and report on data has assisted. In addition, support from each department will continue to be required to ensure that realistic forecasts are produced on a regular basis throughout 2020-21 particularly with the on-going impact of COVID 19 and savings requirements to balance the City's budgets across the medium term.

14. Where budget lines perform consistently better or worse than budget on a year on year basis budget holders will continue to be challenged to amend these as part of the re-budgeting exercise planned in Autumn. Where fundamental review proposals have been unable to be implemented in 2020-21 the additional budget provided to pump prime the savings will be amended accordingly.
15. Whilst it is recognised that some budget lines can be volatile, e.g. trading income, a balance must be struck between prudence and ambition. Service budgets should not include elements of contingency as contingency funds are available from Finance Committee should they be required during the year.
16. The following tables show each fund in turn and compares net budget with outturn position by committee, with summaries of the main variances set out below each table. More detailed analyses and explanations will be included in outturn reports to the various service committees.

CITY FUND

Table 4: City Fund summary outturn 2019-20 by committee

2019/20 Budget v Outturn - City Fund Summary by Committee						
Net (Expenditure)/Income	Budget Net	Provisional Outturn	Variation Better/(Worse)			
	£m	£m	Total £m	Local Risk £m	Central Risk £m	Support Services £m
Barbican Centre	(26.9)	(27.8)	(0.9)	(1.0)	0.1	0.0
Barbican Residential	(2.5)	(2.0)	0.5	0.5	(0.1)	0.1
Community and Children's Services	(14.2)	(14.0)	0.2	0.2	0.0	0.0
Culture Heritage and Libraries	(21.6)	(21.0)	0.6	0.5	(0.1)	0.2
Finance	13.8	19.7	5.9	(0.3)	4.4	1.8
Licensing	(0.1)	(0.2)	(0.1)	0.0	(0.1)	0.0
Markets	0.7	0.8	0.1	0.0	0.1	0.0
Open Spaces	(1.9)	(1.8)	0.1	0.1	0.0	0.0
Planning and Transportation	(16.9)	(16.2)	0.7	0.2	0.3	0.2
Police	(80.7)	(80.7)	0.0	(0.1)	0.0	0.1
Policy and Resources	(7.2)	(6.3)	0.9	1.4	0.3	(0.8)
Port Health and Environmental Services	(18.7)	(17.5)	1.2	1.0	(0.1)	0.3
Property Investment Board	45.1	42.8	(2.3)	(0.2)	(2.5)	0.4
City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.	(131.1)	(124.2)	6.9	2.3	2.3	2.3

17. The net better than budget position of £6.9m includes the following significant variances:

	£m	Driver
• Cash limited local risk budgets:		
○ Net reduction in operating costs across services, including employee costs	0.9	Non-Spend
• Central Contingencies not required in 2019-20	2.5	Non-Spend
• Repairs & Maintenance (AWP/CWP)	1.4	Slippage

	£m	Driver
• Property Investment Board income	(2.3)	Lower Income
• SRP's and Capital Financing	2.1	Higher Income

18. Where the driver above is 'non-spend' this may be indicative of careful management throughout the year. An underspend on operating costs of 0.4% of the total City Fund budget demonstrates that services are being managed prudently within budget.

19. A range of Income forecasts will be required during 2020-21 and impacts assessed for 2021-22 to take account of the impacts of COVID-19 as the lockdown eases to enable up to date and realistic forecasting on the City's financial position. Budgets are set with prudence in mind and care should be taken to ensure that assumptions are not over-cautious in the forthcoming year. Central risk budgets, including many income budgets, are being reviewed as part of the impacts of COVID-19 on fundamental review savings and will be adjusted from 2020-21 where appropriate.

CITY'S CASH

Table 5: City's Cash summary outturn 2019-20 by committee

2019/20 Budget v Outturn - City's Cash Summary by Committee						
Net (Expenditure)/Income	Budget Net	Outturn	Variation (Better)/Worse			
			Total	Local Risk	Central Risk	Support Services
	£m	£m	£m	£m		£m
Culture, Heritage & Libraries	(0.7)	(0.7)	0.0	0.0	0.0	0.0
Education Board	(3.0)	(2.9)	0.1	0.1	0.0	0.0
Finance	(27.6)	(22.2)	5.4	0.3	4.0	1.1
G. P. Committee of Aldermen	(4.4)	(4.5)	(0.1)	(0.2)	0.1	0.0
Guildhall School of Music and Drama	(13.5)	(12.2)	1.3	1.3	0.1	(0.1)
Markets	(1.0)	(0.8)	0.2	0.4	(0.2)	0.0
Open Spaces :-						
Open Spaces Directorate	0.0	0.0	0.0	0.1	0.0	(0.1)
Epping Forest and Commons	(9.5)	(8.3)	1.2	0.9	0.1	0.2
Hampstead, Queen's Park and Highgate	(8.8)	(7.7)	1.1	1.0	(0.1)	0.2
Bunhill Fields	(0.3)	(0.3)	0.0	0.0	0.0	0.0
West Ham Park	(1.5)	(1.3)	0.2	0.1	0.1	0.0
Policy and Resources	(21.6)	(31.1)	(9.5)	(0.2)	(10.0)	0.7
Property Investment Board	53.2	51.7	(1.5)	0.0	(1.2)	(0.3)
Schools :-						
City of London School	(1.8)	(1.8)	0.0	0.0	0.0	0.0
City of London Freeman's School	(1.7)	(1.8)	(0.1)	(0.1)	0.0	0.0
City of London School for Girls	(0.8)	(0.8)	0.0	0.0	0.0	0.0
Deficit (Surplus) from (to) reserves	(43.0)	(44.7)	(1.7)	3.7	(7.1)	1.7

20. The net worse than budget position of £1.7m includes the following significant variances:

	£m	Driver
• Cash limited local risk budgets:		
○ Reduction in operating costs across services, including employee costs	0.2	Non-Spend
○ Repairs and Maintenance	(0.2)	
• Central Contingencies not required in 2019-20	5.0	Non-Spend
• Investment Income	2.0	Higher Income
• Property Investment Board income	(1.4)	Lower Income
• Repairs & Maintenance (AWP/CWP)	3.7	Slippage
• Major Projects SRP's	(13.6)	Higher Spend

BRIDGE HOUSE ESTATES

Table 6: Bridge House Estates summary outturn 2019-20 by committee

2019/20 Budget v Outturn - Bridge House Estates Summary by Committee						
Net (Expenditure)/Income	Budget Net	Provisional Outturn	Variation (Better)/Worse			
	£m	£m	Total	Local Risk	Central Risk	Support Services
	£m	£m	£m	£m		£m
The City Bridge Trust	(32.6)	(32.6)	0.0	0.3	(0.2)	(0.1)
Culture, Heritage and Libraries	0.7	0.9	0.2	0.2	0.0	0.0
Finance	(7.6)	(3.6)	4.0	0.0	3.9	0.1
Planning and Transportation	(3.9)	(4.0)	(0.1)	(0.1)	0.1	(0.1)
Property Investment Board	24.1	24.5	0.4	0.0	0.5	(0.1)
Deficit (Surplus) from (to) reserves	(19.3)	(14.8)	4.5	0.4	4.3	(0.2)

21. The net better than budget position of £4.5m includes the following significant variances:

	£m	Driver
• Cash limited local risk budgets:		
○ Reduction in operating costs across services, including employee costs	0.4	Non-Spend
• Central Contingencies not required in 2019-20	3.6	Non-Spend
• Property Investment Board income	1.4	Higher Income

22. The City Bridge Trust currently awards grants to charitable causes in London (£30m in 2019-20) made under the Bridging Divides scheme. The charitable giving must demonstrate a contribution to reducing inequality and enabling representation within the following programmes: connecting the capital, positive transitions and advice & support.

Conclusion

23. The underlying underspend of £9.7m is significantly lower than in previous years and local risk budgets are being carefully managed within the context of the 'flat cash' approach to inflation and efficiency.

24. The re-budgeting exercise planned for the Autumn will offer a further opportunity to review budgets in the light of the financial impacts of COVID-19, and to ensure a balanced budget is achieved across the medium term.

Appendices

- Appendix 1 – Overall position by department (all risks)
- Appendix 2 – Cash Limited Outturn position by department

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Annex 1

Original Budget £'000	Chief Officer Total Outturn	Final Budget £'000	Provisional Outturn £'000
	City Fund		
6,658	Chamberlain	19,463	25,500
40,868	City Surveyor	43,630	41,460
(72,729)	Commissioner of Police	(80,749)	(80,749)
(22,604)	Director of the Built Environmental	(27,791)	(27,300)
(19,794)	Director of Community and Children's Services	(20,300)	(19,615)
(3,280)	Director of Markets and Consumer Protection	(4,306)	(4,077)
(1,467)	Director of Open Spaces	(1,811)	(1,560)
(4,634)	Executive Director Mansion House and Old Bailey	(4,423)	(4,237)
(24,943)	Managing Director Barbican Centre	(26,082)	(27,279)
(23,044)	Town Clerk	(24,754)	(23,768)
(124,969)	Total City Fund (excluding Police)	(127,123)	(121,625)
	City's Cash		
(47,496)	Chamberlain	(21,921)	(17,108)
48,729	City Surveyor	49,717	48,123
(2,717)	Director of Community and Children's Services	(3,030)	(2,906)
894	Director of Markets and Consumer Protection	805	889
(13,208)	Director of Open Spaces	(14,254)	(13,719)
(4,609)	Executive Director Mansion House and Old Bailey	(5,020)	(5,263)
(1,748)	Headmaster of the City of London Boys School	(1,828)	(1,843)
(1,814)	Headmaster City of London Freemen's School	(1,722)	(1,814)
(758)	Headmistress City of London School for Girls	(769)	(824)
(10,773)	Principal Guildhall School of Music and Drama	(11,612)	(11,541)
(7,291)	Remembrancer	(7,926)	(7,331)
(10,181)	Town Clerk	(16,314)	(12,334)
(50,972)	Total City's Cash	(33,874)	(25,671)
	Bridge House Estates		
(5,570)	Chamberlain	(7,572)	(3,608)
16,831	City Surveyor	23,847	24,222
(4,275)	Director of Open Spaces	(2,939)	(2,861)
(23,272)	Town Clerk	(32,656)	(32,586)
(16,286)	Total Bridge House Estates	(19,320)	(14,833)
	Guildhall Admin		
(38,365)	Chamberlain	(39,665)	(38,818)
(19,704)	City Surveyor	(22,656)	(21,600)
(3,922)	Comptroller and City Solicitor	(1,398)	(1,409)
0	Remembrancer	0	0
(9,952)	Town Clerk	(9,946)	(9,564)
(71,943)	Total Guildhall Administration	(73,665)	(71,391)
(264,170)	Grand Totals (before CWP and Projects)	(253,982)	(233,520)
(19,563)	CWP and Major Projects	(14,777)	(22,625)
(283,733)	Grand Totals (after CWP and Projects)	(268,759)	(256,145)
73,979	Reapportionment of Guildhall Admin (Recharges)	75,256	72,311
(209,754)	Grand Totals	(193,503)	(183,834)

Note any differences in totals to numbers quoted in the main body of the report are due to rounding differences.

Annex 2

Original Budget £'000	Chief Officer Cash Limited Budgets	Final Budget £'000	Provisional Outturn £'000
	City Fund		
(1,716)	Chamberlain	(1,854)	(1,659)
(4,621)	City Surveyor	(5,103)	(5,248)
(16,365)	Director of the Built Environmental	(20,323)	(20,643)
(11,156)	Director of Community and Children's Services	(12,163)	(11,449)
(2,202)	Director of Markets and Consumer Protection	(2,958)	(2,565)
613	Director of Open Spaces	385	576
(437)	Executive Director Mansion House and Old Bailey	(392)	(582)
(16,271)	Managing Director Barbican Centre	(17,266)	(18,553)
(13,178)	Town Clerk	(15,755)	(14,285)
(65,333)	Total City Fund (excluding Police)	(75,429)	(74,408)
	City's Cash		
(92)	Chamberlain	(112)	(117)
(15,529)	City Surveyor	(16,549)	(16,791)
(912)	Director of Community and Children's Services	(1,060)	(965)
(1,441)	Director of Markets and Consumer Protection	(1,524)	(1,274)
(11,121)	Director of Open Spaces	(11,713)	(11,516)
(3,251)	Executive Director Mansion House and Old Bailey	(3,371)	(3,643)
(1,023)	Headmaster of the City of London Boys School	(1,151)	(1,140)
2	Headmaster City of London Freemen's School	58	(38)
(231)	Headmistress City of London School for Girls	(239)	(238)
(6,207)	Principal Guildhall School of Music and Drama	(6,548)	(6,547)
(1,212)	Remembrancer	(1,242)	(1,303)
(106)	Town Clerk	(371)	(278)
(41,123)	Total City's Cash	(43,822)	(43,850)
	Bridge House Estates		
-	Chamberlain	(5)	(2)
(2,200)	City Surveyor	(2,037)	(2,034)
-	Director of the Built Environmental	-	-
(480)	Director of Open Spaces	(388)	(310)
(2,326)	Town Clerk	(2,489)	(2,136)
(5,006)	Total Bridge House Estates	(4,919)	(4,482)
	Guildhall Admin		
(21,857)	Chamberlain	(22,920)	(22,028)
(7,105)	City Surveyor	(8,705)	(8,641)
(3,547)	Comptroller and City Solicitor	(980)	(808)
349	Remembrancer	340	948
(6,948)	Town Clerk	(6,783)	(6,472)
(39,108)	Total Guildhall Administration	(39,048)	(37,001)
(150,570)	Grand Totals (excluding Police)	(163,218)	(159,741)
(69,120)	Commissioner of Police	(70,798)	(70,899)
(219,690)	Grand Totals	(234,016)	(230,640)

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Committee(s): Finance Committee	Date(s): 21 July 2020
Subject: Capital and Supplementary Revenue Project Outturn 2019/20 and Prudential Indicators	Public
Report of: Chamberlain	For Information
Report author: Dianne Merrifield	

Summary

This report provides details of the 2019/20 outturn for capital and supplementary revenue projects (SRPs) together with the Prudential Indicators for the City Fund. Actual capital and SRP expenditure in 2019/20 amounted to £152.8m, a net £27.6m less than the approved budget of £180.4m. This reduction was largely due to the rephasing of expenditure to later years.

The CIPFA Prudential Code provides the statutory framework for ensuring that capital expenditure is affordable, prudent and sustainable and requires the calculation of certain prudential indicators in respect of City Fund capital activities only. The 2019/20 actual indicators, drawn from the end of year balance sheet, highlight that the City Fund held no external debt as at 31 March 2020.

Recommendation

Members are asked to note the contents of this report.

Main Report

Background

1. In March each year, the Court of Common Council approves the Capital and SRP budgets as part of the annual budget setting process.
2. Chief Officers, in liaison with the Town Clerk's Programme Office, provide regular reports on the progress of individual schemes against milestones.
3. Capital expenditure generally results in an increase in asset values and typically relates to acquisitions and enhancements, whereas supplementary revenue projects are one-off items which do not fulfil the capital criteria e.g. feasibility and option appraisal costs, major cyclical repairs and maintenance.
4. The capital controls which apply to the City Fund restrict the use of capital reserves (derived from the sale of assets) for financing of capital expenditure (or repayment of debt). In this context, grants to third parties for capital

purposes, such as the City Fund contribution to the Museum of London for the relocation project, qualifies as capital expenditure. Crossrail contributions are also included as project items.

5. The Court of Common Council has delegated to me authority to determine the methods of financing capital and supplementary revenue project expenditures. In making such decisions consideration is taken of the strategic and tactical interests of the three funds.
6. The purpose of this report is to provide details of the 2019/20 actual expenditure against the budgets approved by the Court of Common Council in March and to set out the actual Prudential Indicators for the City Fund.

2019/20 Outturn

7. Significant items of Capital and Supplementary Revenue Project expenditure in 2019/20 include the acquisition of an investment property for Bridge House Estates and investment property refurbishments, continued progression of the major projects and expenditure on operational assets including security enhancements, highways, structures and public realm improvements, HRA cyclical works and new construction, police IT and decant accommodation, enhancements to the Central Criminal Court and the schools.
8. The total expenditure incurred in 2019/20 was £152.8m which was £27.6m less than the approved capital and SRP budgets of £180.4m. A breakdown of expenditure analysed by fund is set out below:

2019/20 Actual Capital and Supplementary Revenue Expenditure and Financing							
	City Fund	City's Cash	Bridge House Estates	Total	March 2020 Approved	Variation	
	£m	£m	£m	£m	£m	£m	£m
Capital/SRP Expenditure							
Investment Property	1.3	9.3	41.4	52.0	59.7	-	7.7
Major Projects	17.5	19.3	-	36.8	35.9	-	0.9
Operational	53.6	10.1	0.3	64.0	84.8	-	20.8
	72.4	38.7	41.7	152.8	180.4	-	27.6
Funded by							
External Grants and Contributions	20.8	1.2	0.1	22.1	27.9	-	5.8
Internal Resources	51.6	37.5	41.6	130.7	152.5	-	21.8
	72.4	38.7	41.7	152.8	180.4	-	27.6
March 2020 Approved	90.4	41.5	48.5	180.4			
Variation	- 18.0	- 2.8	- 6.8	- 27.6			

9. The following table analyses the variations between budgeted and actual expenditures and the resulting impact on financing in 2019/20.

Analysis of Variations				
	City	City's	Bridge	Total
	Fund	Cash	House	
			Estates	
<u>Expenditure Variations</u>	£m	£m	£m	£m
Net Rephasing of Expenditure to later years	- 17.5	- 2.7	- 6.5	- 26.7
Cost Increases/Savings(-)	- 0.5	- 0.1	- 0.3	- 0.9
	- 18.0	- 2.8	- 6.8	- 27.6
<u>Impact of Variations on Financing</u>				
External contributions	- 6.7	0.7	0.1	- 5.9
Internal Resources	- 11.3	- 3.5	- 6.9	- 21.7
Total Reductions in Financing	- 18.0	- 2.8	- 6.8	- 27.6

The net variation of £27.6m is largely comprised of deferred expenditure of £26.7m, together with net savings of £0.9m.

10. The deferred expenditure of £26.7m relates mainly to the following areas:

Highways and public realm - £6.2m
Investment property refurbishments £4.9m
Security schemes - £4.5m
Housing schemes - £3.8m
Police IT schemes - £3.5m
Investment Property Acquisition £2.7m.

These deferred amounts relate to approved budgets so the expenditure is expected to be incurred in 2020/21, subject to the impact of any review of future spend on the capital programme.

11. The net cost savings of £0.9m relate to minor underspends across various schemes.
12. Of the £27.6m underspend, £5.9m was to be funded from external contributions and £21.7m from internal sources.

Prudential Indicators

13. The CIPFA Prudential Code¹ provides a framework for ensuring that capital expenditure and financing (in particular borrowing) is affordable, prudent and sustainable, and requires the calculation and monitoring of certain prudential indicators in respect of City Fund capital activities.
14. In addition to setting indicators for the forthcoming year during each budget cycle, the Code requires authorities to calculate certain indicators drawn from the end of year balance sheet. The appendix contains the actual indicators for 2019/20, including commentaries which highlight, in particular, that there was no underlying need to borrow externally.

15. The City Fund total expenditure figures used for the indicators vary from the figures in the tables above as the indicators relate only to capital, not supplementary revenue expenditure.
16. In the context of borrowing, it should be noted that City's Cash had drawn down a loan of £250m as at 31 March 2020 to support 'green' spend on major projects.

Appendix: 2019/20 Actual Prudential Indicators

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PRUDENTIAL INDICATORS - 2019/20 OUTTURN

The tables below detail the four prudential indicators applicable to 2019/20 which have been derived from the 2019/20 City Fund published accounts. These 'actual' indicators have been compared to the appropriate 'estimate' indicators. The **Original** estimate indicators were prepared in February 2019 at the time of setting the 2019/20 budget and the **Revised** estimate indicators were prepared to inform the setting of the 2020/21 budget in February 2020.

1. Actual capital expenditure 2019/20

	HRA	Non-HRA	Total
Estimate of capital expenditure (Original)	£37.142 m	£173.903 m	£211.045 m
Estimate of capital expenditure (Revised)	£16.219 m	£74.824 m	£91.043 m
Actual Capital Expenditure	£10.867 m	£41.874 m	£52.741 m

The variation between the revised and actual indicators is mainly due to capital projects deferred to later years.

2. Actual capital financing requirement 2019/20

	HRA	Non-HRA	Total
Estimate of Capital Financing Requirement (Original)	£9.460 m	£117.830 m	£127.290 m
Estimate of Capital Financing Requirement (Revised)	£0.000 m	£43.592 m	£43.592 m
Actual Capital Financing Requirement	£0.000 m	£45.337 m	£45.337 m

The capital financing requirement (CFR) is an indicator of the underlying need to borrow, including 'internal borrowing'. The original estimate assumed borrowing for the major projects in 2019/20 which has not been required due to slippage. The majority of the £43.592m revised estimate relates to internal borrowing in previous years reflecting the use of cash received from the sale of long leases (treated as deferred income in accordance with accounting standards) to finance capital expenditure, including most notably an element of the 2016/17 Crossrail payment. The increase of £1.745m over the revised estimate relates to the leasing of cleansing vehicles embedded within the new cleansing contract.

The zero CFR for the HRA reflects its current debt-free status, pending further planned borrowing to fund the decent homes improvement programme. The borrowing assumed in the original estimate was not required due to slippage in the HRA capital programme.

The method of calculating the HRA and non-HRA elements is prescribed under statute, with the overall figures derived directly from the balance sheet.

3. Actual External Debt as at 31.03.2020

	Borrowing	Other Long Term Liabilities	Total
Actual External Debt	£0	£0	£0

The City Fund currently remains free of external debt.

4. Actual Ratio of Financing Costs to Net Revenue Stream 2019/20

	HRA	Non-HRA	Total
Ratio of Financing Costs to Net Revenue Stream (Original)	0.68	-0.39	-0.30
Ratio of Financing Costs to Net Revenue Stream (Revised)	0.66	-0.41	-0.39
Actual Ratio of Financing Costs to Net Revenue Stream	0.00	-0.46	-0.42

This ratio aims to demonstrate the extent to which the net revenue consequences of borrowing impact on the net revenue stream.

The actual HRA ratio of zero means that no capital financing costs were met direct from the HRA revenue stream in 2019/20. The decrease over the estimate is due to slippage in the HRA capital programme resulting in the borrowing being deferred.

The City Fund is a net lender in its treasury operations and is in receipt of significant rental income from investment properties and therefore the Non-HRA and Total ratios are negative. The increase over the estimate arises from higher than anticipated net income.

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Committee(s): Finance Committee	Date(s): 21 July 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. In March 2020, a variety of new Covid-19 specific risks were added to the risk register, and regular updates were provided through the Gold Command Group and the Risk and Audit Committee. In June 2020, a major review of these risks, in conjunction with the existing risk register has resulted in a rationalisation of the risks which are presented in this report.

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 five departmental risks on its risk register. There is one new risk with a red status:

- CR35 Unsustainable Medium-Term Finances (incorporating previous Police Finance risk).

There are several Amber rated risks that relate to IT and the impact on supply chains.

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

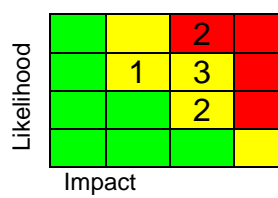
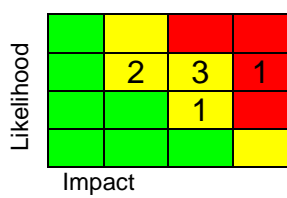
1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on RED 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.
4. In March 2020, new Covid-19 related risks were identified and added to the risk register. In June 2020, a review of both the existing risks and Covid-19 related risks was undertaken resulting in some rationalisation of risk. Most notably, the new CR35 Unsustainable Medium-Term Finances was added and incorporates a variety of existing and new Covid-19 related risks.

Summary of Risks

5. The heatmap for all Chamberlain's corporate and departmental risks is as below:
Current heatmap Previous quarter heatmap



6. The Chamberlain's department currently has two corporate risks and six departmental risks on its risk register, attached as Appendix 1 to this report, assessed as 1 RED risk, 6 AMBER risks. These are:

CR35 Unsustainable Medium-Term Finances (Red - NEW)

7. A new Financial Health Risk has been drafted and is subject to approval of the Audit and Risk Management Committee on 14 July 2020. The risk details the current estimated overspend of £30m across the three funds. The deficit is driven by the COVID-19 impact on income streams. Several mitigations are being undertaken to reduce impact, including but not limited to: maximising support from government, revenue spend reduction and prioritisation of capital spend. The health of the MTFP will be determined at the completion of the in-depth re-budgeting and modelling exercise in the Autumn. Members are asked to note that this risk is pending approval of A&RM committee at the time of writing. A copy of the draft risk can be seen in appendix 1 of this paper. Please note that this risk includes the impact of CR23 Police Funding risk that was previously reported to Finance Committee and which will be removed as a specific risk from the risk register if CR35 is approved.

CR16 Information Security (formerly CHB IT 030) (Current Risk: Amber – no change)

8. A review of the current National Cyber Security Training is being undertaken with the intention of providing the training to all staff. The staff awareness and training of IT security continues in 2020/21 with the oversight of the Information

management board. A security campaign is scheduled to be run in October 2020. Regular security updates have been implemented throughout the COVID-19 period to mitigate any increases in risk.

CHB CP001 Brexit risk to City Corporation procurement and supply chains (Current Risk: Amber – reduced)

9. In December 2019, the Commercial Contract Management team contacted suppliers requesting details of how Brexit will impact their operations. The CCM team are now drafting a report for Brexit Planning group detailing that no significant risks have been identified by suppliers. The report is expected to be available for the Brexit Planning group in July 2020.

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

10. The reduction of staff presence in the COL offices due to COVID-19 has decreased the likelihood of infrastructure failure. However, the increased reliance on direct access due to remote working has maintained the risk score at amber. The risk will be mitigated upon the migration to Azure, alongside the upgrade of the uninterruptible power supplies in the communications room. This is expected to be achieved by 31st December 2020.

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

11. Contract negotiations and transition of service are ongoing. Go Live of the new system is due on the 1st September 2020, including the launch of Service Now, CMDB, Azure, Tech Desk and TUPE. Areas that are not being migrated to the new managed service are being addressed.

CHB IT 004 Business Continuity / Disaster Recovery Management (Current Risk: Amber – no change)

12. Migration to the Azure cloud has commenced, the review of applications is being undertaken to move critical application to the cloud. The review is expected to be completed by 31st August 2020; upon its completion the risk likelihood will decrease resulting the reduction of the risk score.

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

13. The tender working group has completed high level user workshops with the initial findings being presented in June 2020. The group are now viewing product demonstrations. The options appraisal work is expected to be completed by July 2020.

Appendices

- Appendix 1 Chamberlain's Department Detailed Risk Register

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk

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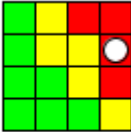
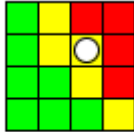

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

Generated on: 03 July 2020



Rows are sorted by Risk Score

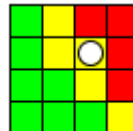
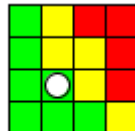

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR35 TBC Sustainable Medium Term Finances	<p>Causes: Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile Normal course of business unable to function due to COVID 19 restrictions BREXIT compounding market uncertainty and exacerbating the economic downturn. Major contraction in key income streams and increase in bad debts. Police Transform programme fails to realise the budget mitigations anticipated Reduction in the value of investments- property and securities- reduces available capital for major project financing.</p> <p>Event: Inability to contain financial pressures within year (2020/21) and compensatory savings and/or income generation to meet the Corporation’s forecast medium term financial deficit will not be realised.</p> <p>Effects: Additional savings over and above those identified through</p>	<div>Likelihood</div>  <div>Impact</div>	24	<p>Current annual estimated impact is an overspend of £30m across the three funds; £20m of which is City Fund. Driven mainly by income loss in the following areas: Barbican, GSMD, Tower Bridge, Animal Reception Centre and Events. Mitigations include spend reduction and furloughing of casual staff and permanent staff not able to work (£1.3m recovered from government to date).</p> <p>The Government has announced further financial support to Local Authorities linked to income losses they have incurred. Early estimates on the value of this support are in the region of £14.2m. We are awaiting confirmation of the details of the scheme but should this estimate prove accurate, this would bring the month 3 City Fund forecast overspend down</p>	<div>Likelihood</div>  <div>Impact</div>	12	31-Mar-2021	

<p>19-Jun-2020 Caroline Al-</p>	<p>the Fundamental Review to meet this challenge are required and/or closure in some areas reserves are utilised and/or services stopped. The City Corporation's reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Being unable to set a balanced budget which is a statutory requirement for City Fund. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Capital projects stalled due to COVID restrictions. Stakeholders experiencing reduced services and service closures.</p>			<p>from the current £18.9m to a £4.7m overspend.</p> <p>Cash flow position is holding up well.</p> <p>Balance Sheet- it is too early to assess any permanent re-valuation. Securities portfolio- after an initial drop has largely recovered the Dec 2019 valuation.</p> <p>Too early to assess any permanent adjustment to property valuations. Large proportion of Fundamental Review savings especially from the target operating model work are deferred putting further pressure on current year budget achievement.</p> <p>Police-forecast underspend of £4m- due to delays in recruitment. Beyond 20/21, though, residual deficits of £3m pa in the Police MTFP remain to be resolved.</p> <p>Most capital projects have stalled- prioritisation exercise commenced to only restart essential schemes Re-budget planned for the autumn and MTFP being remodelled.</p> <p>Possible further mitigations: - Maximising COVID recovery funding from govt -Maintaining tight financial disciplines -Review major commitments, including options for re-profiling cyclical works programme.</p> <p>10 Jul 2020</p>			<p>Increasing</p>
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR A	A reduction in key income streams and increase in bad debt	<p>This is being monitored monthly, with action being taken to reduce spend where possible</p> <p>Key Impact areas:</p> <p>Property investment income – initially deferred, likely to crystallise high % bad debt. Currently estimating £6.4m adverse variance. Forecasts will be revised at the end of the June quarter when it will be possible to get first indications of likely payment trends.</p> <p>Impact on cash balances invested in money market funds- forecasting reduction of £1.8m.</p> <p>For Chief Officer cash limited budgets: estimated adverse variance is £30m across the three funds – largely due to loss of income. After mitigation the areas most affected are: Barbican £13.3m, Tower Bridge £1.8m, GSMD £1.8m, Fees & Charges in DBE £2.7m Animal Reception Centre £1.8m and Event income losses of £0.9m</p>	Julie Smith	19-Jun-2020	31-Mar-2021
CR B	To reduce strain on cash flow.	<p>Our cash flow is in a good position; stress testing worst-case scenarios indicates we have enough cash balances to see us through to March 2021. Cash flow position assisted by holding of near-cash money market funds.</p> <p>Review major commitments, including options for re-profiling.</p>	James Graham; Julie Smith	19-Jun-2020	31-Mar-2021
CR C	Increased expenditure related to COVID measures- maximise recovery from government	<p>In the short-term, high % of additional expenditure recoverable from government, and recruitment controls putting downward pressure on budgets. But a significant proportion of Fundamental Review savings, especially from the target operating model work, are deferred. Police year end forecast is an underspend of £4.0m, primarily due to delay in recruiting. CoLP are also able to claim losses as a result of COVID-19 from the Home Office.</p> <p>Possible mitigations</p> <ul style="list-style-type: none"> • Maximising recovery from government- spend is being coded and monitored • Furloughing workers has been explored and rejected. <p>Maintaining tight financial disciplines.</p>	Julie Smith	19-Jun-2020	31-Mar-2021
CR D	Inability of occupiers to pay rates as their income falls an	Monthly monitoring in place. The immediate impact of COVID-19 has been to lower the	Phil Black;	19-Jun-	31-Mar-

	<p>business models are damaged. A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. The Corporation is currently benefitting from growth in business rates retained income of c£40m. Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool.</p>	<p>collection rate for business rates. For April, the cash position was 16% lower than the previous year; forecast across the year is 12%.</p> <p>Should lower levels of collection be deemed un-collectable, impact of lower income will be felt in future years, with the GLA and Central Govt taking their proportional share.</p> <p>Reduction in growth will be felt in year.</p> <p>Should business rate income fall by more than 20%, the safety net would be reached.</p> <p>Modelled scenarios have been included in the revised MTFP- high level of income volatility.</p> <p>Host: The Govt has recognised the cashflow impacts of business rates and has deferred its share for April-June, which has been re-profiled over the remainder of the year.</p>	Neilesh Kakad	2020	2021
CR E	Impact on investments: securities/property	<p>After an initial fall in value of around 8% City's Cash and 3.2% BHE, values have largely recovered. Too soon to assess longer term position here and for Pension Fund. To be monitored on a monthly basis.</p> <p>Too early to assess impact, but actions on deferral is aimed at retaining tenants.</p> <p>If tenants default- there is a high risk of long lead in periods (of up to 24 months) to find new tenants</p>	Nicholas Gill; James Graham	19-Jun-2020	31-Mar-2021
CR F	Impact on the MTFP	<p>FR proposals affecting staff put into abeyance during CoLC's response to Covid-19.</p> <p>CHB currently reviewing achievability of savings built into the MTFP</p>	Caroline Al-Beyerty; Alistair Cook	19-Jun-2020	31-Mar-2021
CR G	Reassessing the Fundamental Review project plan.	<p>FR proposals affecting staff put into abeyance during CoLC's response to Covid-19.</p> <p>CHB currently reviewing achievability of savings built into the MTFP.</p>	Simon Latham	19-Jun-2020	31-Mar-2021
CR H	To implement the Fundamental Review project plan- TOM	<p>HR Programme Director appointed 6 Jan 2020 to co-ordinate the implementation of a key aspect of the project plan. Programme work plan produced in Jan 2020. Berkeley Partnership commissioned to assess and help co-design a future TOM, which help to finalise the work programme.</p> <p>Proposed work programme due to be taken to RASC Away Day on 5 March and P&R on 19 March</p>	Simon Latham	19-Jun-2020	31-Mar-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
CHB IT 001 Resilience - Power and infrastructure.	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	Reduction in staff present due to COVID in the COL Offices has led to a reduced likelihood of an infrastructure issues causing an impact in tier 2 & 3 Comms Rooms	 Likelihood Impact	4	31-Dec-2020	
				<p>Also, due to COVID reliance on core networking services has increased such as Direct Access therefore the likelihood of a system failure has increased without changing the overall impact of this risk.</p> <p>Recent additions to the Direct Access estate have reduced the likelihood of individual server or component failure causing an impact to the business.</p> <p>This risk will be mitigated to the Target Score following the migration to Azure, alongside the capital project to upgrade the UPS in comms rooms</p>				
30-Mar-2017 Sean Green				15 Jun 2020				Constant

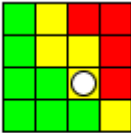
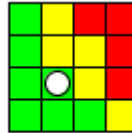

			owner	Date	
CHB IT 001n	Repurpose GJR Comms Room	The Spatial applications are being migrated in parallel with the migration to Azure as part of the 2020 work	Kevin Mulcahy	15-Jun-2020	31-Aug-2020
CHB IT 001p	Gateway paper to be drafted to release funds for UPS work	Gateway paper to be drafted	Matt Gosden	15-Jun-2020	30-Jun-2020

11-Oct-2019
Sean Green

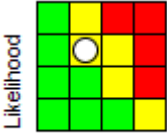
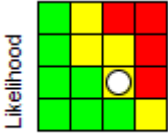

11-Oct-2019
Sean Green

10-May-2019
Peter Kane

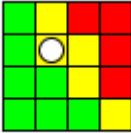
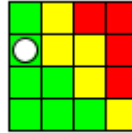

10-May-2019
Peter Kane

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 Management. 30-Mar-2017 Sean Green	Cause: A lack of robust infrastructure and restore procedures are not in place on aging infrastructure. 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. Effect: The disaster recovery response of the IT Division is unlikely to meet the needs of COL leading to significant business interruption and serious operational difficulties.	Likelihood  Impact	8	Azure migration has commenced whilst it has not reduced the score at present the likelihood of a significant DR even occurring will continuously decrease as more and more services are migrated to the public cloud. 15 Jun 2020	Likelihood  Impact	4	31-Mar-2021	 Constant

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
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. These discussions are ongoing, but will be implemented when the new contract comes into force at the end of August 2020.		Matt Gosden	15-Jun-2020	31-Aug-2020
CHB IT 004k	RPO and RTO of Critical Apps	<ul style="list-style-type: none"> Review RPO and RTO to see if they are achievable or require redefining. As with Action CHB IT 004a above, these will be defined as part of the Azure migration. 		Matt Gosden	15-Jun-2020	31-Aug-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 12-Nov-2018 Christopher Bell	<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? 	 <p>Likelihood</p> <p>Impact</p>	6	<p>Commercial Contract Management team to draft a report for Brexit Planning Group on the minimal risk identified as part of supplier survey. No significant risks have been identified. The drafting of the report is underway, but progress has been delayed due to competing priorities. The report is expected to be available for circulation for the Brexit Planning Group during July 2020.</p> <p>03 Jul 2020</p>	 <p>Likelihood</p> <p>Impact</p>	8	31-Dec-2020	 Decreasing

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP001e		Commercial Contract Management team to draft a report for Brexit Planning Group on the minimal risk identified as part of supplier survey. No significant risks have been identified. The drafting of the report is underway, but progress has been delayed due to competing priorities. The report is expected to be available for circulation for the Brexit Planning Group during July 2020.	Christopher Bell	19-Jun-2020	31-Dec-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 029 iTrent Contract 18-Jun-2019	Cause : Extension of contract passed the envisaged term of 10 years with no permissible grounds. No projects started to procure a replacement. Event : City of London receive a challenge around the contract for iTrent with MHR Ltd around the extension of contract. Effect : Legal challenge/court proceedings from a competitor to iTrent. CoL could be forced to issue 18 months termination notice before they are ready to implement a replacement product.	 Likelihood	6	Options Appraisal work is ongoing due to complete July 2020 15 Jun 2020	 Likelihood	3	30-Jun-2021	 Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB IT 029d	Tender Working Group	High level user workshops completed, initial findings will be presented in June, product demonstrations being scheduled, results due in July			Kevin Mulcahy	15-Jun-2020	31-Jul-2020

Committee: Finance Committee	Date: 21 July 2020
Subject: Central Contingencies 2020/21	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 2020/21 uncommitted balances.

Since the last report to Committee in May, a sum of £20,000 from the National and International Disaster Fund has been donated to St John's Ambulance to support its work in London in response to the Coronavirus Pandemic.

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 2020/21 are set out in the table below. At the time of writing this report there are no requests for funding on the agenda.

2020/21 Contingencies – Uncommitted Balances 7 July 2020				
	City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Total £'000
General Contingencies				
Total Provision	974	1,393	50	2,417
Previous allocations	(24)	(593)	0	617
Uncommitted Balances	950	800	50	1,800
National and International Disasters				
Total Provision	125	0	0	125
Previous allocations	(60)	0	0	(60)
Uncommitted Balance	65	0	0	65

4. The sums which the Committee has previously allocated from the 2020/21 contingencies are listed in Appendix 1. This includes allocations agreed under delegated authority since your last Committee.
5. Since the last report to Committee in May, a sum of £20,000 from the National and International Disaster Fund has been donated to St John's Ambulance to support its work in London in response to the Coronavirus Pandemic.

Conclusion

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

Appendices

- Non- Public: Appendix 1 – Allocations from 2020/21 Contingencies

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Committee(s)	Date(s):
Finance Committee – For Information	21 st July 2020
Subject: IT Division – Member Update	Public
Report of: The Chamberlain	For Information
Report author: Sean Green, IT Director	
Summary	
<p>This report updates Members on the work of the IT Division and the key areas of progress for the last quarter:</p> <ul style="list-style-type: none">i. The COVID-19 Pandemic update;ii. The IT Contribution to the Recovery Plan;iii. An update on the change of contract with Agilisys which will go live on the 1st September 2020;iv. Progress of the Police IT Modernisation Programme;v. Last quarter service performance achieved for both City of London Corporation (CoL) and the City of London Police (CoLP);vi. Good progress continues to be made on Digital Adoption for the City of London Corporation. – Use of MS Team and attendance at MS Teams Training have been significant during the period of lockdown and COVID-19.	
<p>Members are asked to:</p> <p><i>Note the progress report on how the IT Division have supported the orgainsation during COVID-19, key strategic improvement projects and IT Service performance.</i></p>	

Main Report

Background

1. The IT Division provides services to the City of London Corporation, City of London Police and London Councils. 5 main functions are provided from the in-house IT team: i) IT Finance and Performance Management, ii) Change and Engagement Management iii) Projects and Programmes Management, iv) IT Operations and Service Management and v) Police IT Services. This report updates on progress on how the team have supported the organisation during COVID-19, critical programmes, business as usual service performance, the rate of adoption of digital ways of working and the review of the IT Operating model.

COVID-19 Review

2. The IT Service Desk performed well during lockdown maintaining continuous and uninterrupted service providing practical advice to staff to improve their homeworking environment and practices.

3. The IT Division have had to provide over 330 extra laptops and other devices to colleagues across the City of London Corporation (CoL) and the City of London Police (CoLP).
4. The team have also had to provide IT Services to the London Strategic Resilience Group (SRG).
5. The team have also provided over 300 Teams Telephone numbers for staff to use instead of the Mitel Phone extensions that they would normally use. They also set up at short notice hunt groups for the Housing Repairs team and the Revenue and Benefits team to maintain seamless working whilst staff are at home.
6. The team have stabilised the aged infrastructure for CoLP which is maintaining a level of stability that has allowed CoLP colleagues to continue working remotely.

The Recovery Plan

7. The IT Director has been working with colleagues across CoL and CoLP on a digital and technology plan with projects that could enable and support organisational and financial recovery.
8. A draft paper was presented to the Gold recovery group and is now being worked up into business cases for consideration for COVID funds or future Capital bids.
9. A new Digital Services Strategy has been drafted which will reflect the recovery objectives and the new digital imperative that has emerged with even more emphasis since COVID-19.

2020 Sourcing Programme

10. The contract for IT Services currently provided to CoL, CoLP and London Councils goes live on the 1st September 2020.
11. Work has started on the migration of our IT infrastructure from the Agilisys data centres to the Microsoft Azure Cloud. We have already migrated approx. 50 servers and following a period to ensure that the migrations have been completed successfully they will be decommissioned during July.
12. With the new recommended IT Services Contract, we can drive through IT efficiencies and savings whilst delivering service improvements over the course of up to a five-year contract, for both the CoL and CoLP, including:
 - a. the setting up of a new Technology Support Desk in convenient locations in Guildhall and for the Police.
 - b. More automation of our IT infrastructure management to help IT staff diagnose possible infrastructure performance issues or problems at an early stage before they cause disruption to our IT services
 - c. Improved infrastructure security, resilience and our capability to quickly set up new IT services when required and quickly remove IT services when not required.
 - d. IT Self service for staff to report, monitor and complete transactions for IT Services with the introduction of Webchat and eventually Chatbots.

CoLP IT Modernisation Programme

13. The high-level design for the IT Modernisation (ITM) solutions is completed.

14. The equipment for a new security zone to support the implementation of enhanced CoLP infrastructure security has been implemented with an excellent review by the company that carried out the IT Healthcheck testing.
15. The programme has accelerated the build and implementation of Windows 10 laptops for all CoLP staff and replacement Android phones to frontline officers.
16. The accelerated ITM should be completed by early October.

Enterprise Resource Planning (ERP - Oracle Financials) Review

17. The ERP review has been underway for the last 8 weeks. The review covers the future of the use of the Oracle applications used in the City of London Corporation with a view to replace both the current Property and HR Systems in the next 2 years.
18. Soft market testing has been carried out with the market leading suppliers of ERP solutions to better inform any recommendations for the future of Oracle Financials.

IT Service Performance

19. The P1 and P2 incidents for CoL and CoLP are summarised in the table below.
20. Satisfaction for April 2020 (+76), May 2020 (+74) and June 2020 (+62). This is an average of +71 (anything with a score above + 50 being viewed as good).

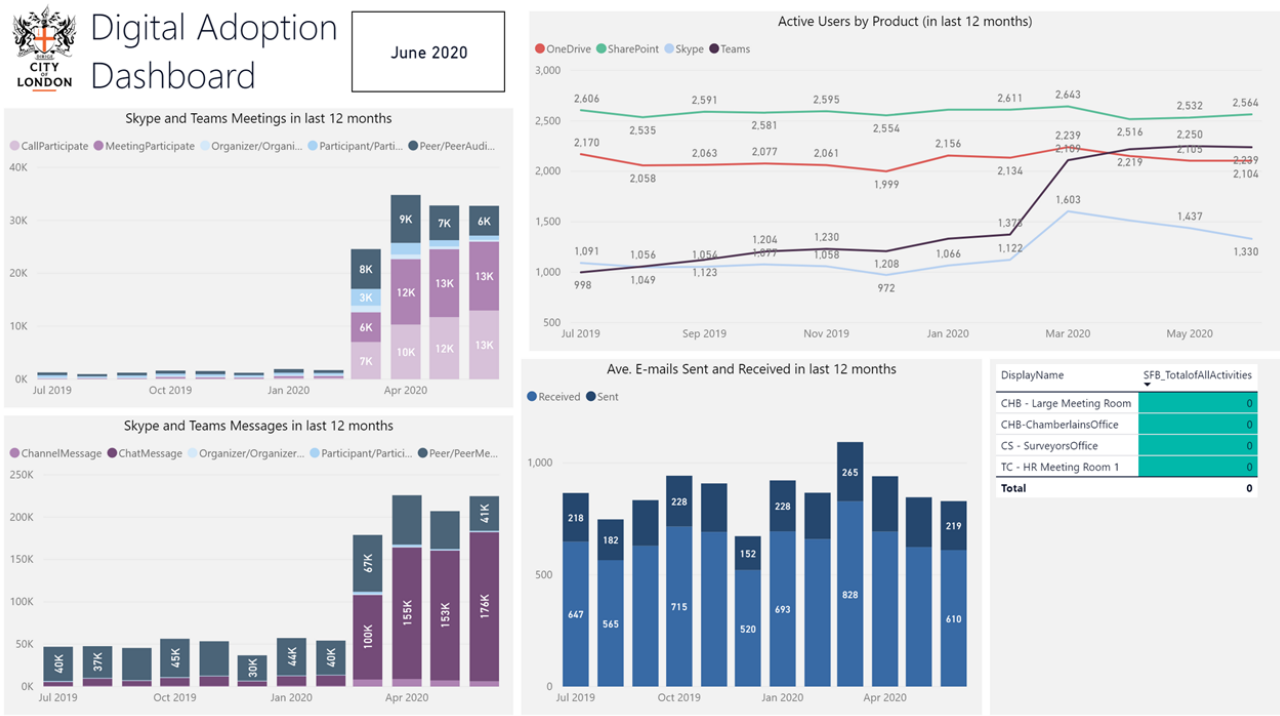
IT Service Performance (new KPI)	Fixing Issues													
	P1 incidents fixed within 2hrs (98%)								P2 incidents fixed within 6hrs (98%)					
	Apr-20		May-20		Jun-20		Apr-20		May-20		Jun-20			
CoL	0	100%	0	100%	0	100%	CoL	0	100%	0	100%	0	100%	
CoLP	0	100%	0	100%	0	100%	CoLP	0	100%	0	100%	0	100%	

Digital Adoption

21. Take up of digital new ways of working is progressing well. With regular training and communications campaigns with staff, we are can see increasing using of Teams for remote contact/conferences and SharePoint/Teams for managing one version of documents and collaboration on information both internally and externally.
22. Microsoft Teams has been a key digital tool during the lockdown period with a significant increase in use recorded compared to February:
- Active Teams users have increased from around 1300 to over 2,250;
 - Total meeting participants have increased from less than 3000 per month to over 30,000;
 - Teams messaging has increased from around 50k per month to over 200k.

19 There were a total of 1694 active SharePoint sites in May, compared to 960 in January.

20.185 staff attended a virtual training session during June – with most of the training being provided on Microsoft Teams.



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IT Director

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Committee:	Date:
Finance Committee	21 July 2020
Subject: Report of Action Taken – Public Decisions taken under Delegated Authority/Urgency procedures since the last formal 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: Funding for Heart of the City (Urgency) – 1st June 2020

Background

Normally, funding for Heart of the City goes to January's Policy & Resources Committee meeting (and Resource Allocation Sub-Committee) and, following approval of an appropriate sum, is incorporated within the Corporation's budget submitted to the February Finance Committee meeting and the March meeting of the Court of Common Council.

However, this time, P&R Members in January asked officers to come back with revised proposals in February. This was done and a revised sum was approved.

Unfortunately, because of the month delay and the timing around the budget submission, this figure was missed out of the budget. It was not immediately noticed due to the unfolding COVID issue but became apparent and so an in-year budget adjustment was required to facilitate the award of the money – it seemed to be, in essence, an unfortunate administrative error.

Reason for urgency

The funding was for core funding of the organisation, primarily covering salaries. As result of the commitment given by P&R and RASC in February, the charity continued its operations in 2020-21 in good faith. Heart of the City required the funding in order to be able to continue to run its services supporting small businesses in 2020-21.

Action taken

The Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee agreed one-year's funding for 2020/21, totalling £202,000, to be met from City's Cash; approval will result an in-year revision to the 2020/21 budget. This revision was also subsequently signed off by the Court of Common Council under urgency procedures.

Contact:

John Cater

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

020 7332 1407

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of the Local Government Act 1972.

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