

PLEASE BRING THIS AGENDA WITH YOU

1

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



COMMON COUNCIL

SIR/MADAM,

You are desired to be at a Court of Common Council, at **GUILDHALL**, on
THURSDAY next, the **4th day of March, 2021**.

Members of the public can observe this virtual public meeting at the below link:
https://www.youtube.com/watch?v=wNA-riHD_qw

This meeting will be a virtual meeting and therefore will not take place in a physical location following regulations made under Section 78 of the Coronavirus Act 2020. A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

JOHN BARRADELL,
Town Clerk & Chief Executive.

*Guildhall,
Wednesday 24th February 2021*

Vincent Keaveny

Alastair King

}

Aldermen on the Rota

1 **Apologies**

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

3 **Minutes**

To agree the minutes of the meeting of the Court of Common Council held on 14 January 2021.

For Decision
(Pages 1 - 16)

4 **Mayoral Visits**

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

5 **Policy Statement**

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

6 **Questions**

7 **Finance Committee**

To consider reports of the Finance Committee as follows:-

(A) **City Fund 2021/22 Budget Report and Medium-Term Financial Strategy**

To approve the budget for 2021/22.

For Decision
(Pages 17 - 110)

(B) **2021/22 City's Cash Budgets and Medium-Term Financial Plan**

To approve the budget for 2021/22.

For Decision
(Pages 111 - 124)

(C) **Bridge House Estates (BHE) - Revenue Budget 2021/22 and Medium-Term Financial Plan**

To approve the budget for 2021/22.

For Decision
(Pages 125 - 138)

8 **Establishment Committee**

To consider the draft Pay Policy Statement for 2021/22.

For Decision
(Pages 139 - 168)

9 **Policy and Resources Committee**

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

(A) **Governance Review: Competitiveness**

To consider actions for implementation for governance arrangements concerning competitiveness.

For Decision
(Pages 169 - 190)

(B) Bridge House Estates Committee Proposals

To consider the proposed terms of reference for a Bridge House Estates Board.

For Decision
(Pages 191 - 206)

(C) Fraud and Cyber Crime Reporting Service - Governance

To consider the governance of the next generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS).

For Decision
(Pages 207 - 210)

(D) Report of Urgent Action Taken: London Councils Grants Scheme 2021/22 Levy

To receive a report advising of action taken under urgency procedures in relation to the London Councils Grants Scheme 2021/22 Levy.

For Information
(Pages 211 - 214)

10 Capital Buildings Committee

To agree to waive Standing Order No. 29(2) to extend the current Chairman's term by one year.

For Decision
(Pages 215 - 216)

11 Audit & Risk Committee

To agree the recommendation of the Audit and Risk Management Committee that Gail Le Coz be appointed as an External Member for an initial three-year term commencing 1 April 2021.

For Decision
(Pages 217 - 218)

12 Planning & Transportation Committee

To consider the annual On-Street Parking Accounts for 2019/20 and approve submission to the Mayor of London.

For Decision
(Pages 219 - 224)

13 Port Health & Environmental Services

To consider the increase to the Schedule of Charges in respect of services provided at the Heathrow Animal Reception Centre (HARC), for 2021/22.

For Decision
(Pages 225 - 232)

14 The Freedom of the City

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

For Decision
(Pages 233 - 238)

15 **Appointments**

To consider the following appointments:

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

- (A) One Member on the **Licensing Committee**, for a three-year term expiring in April 2022.

Nominations received:-

Jason Pritchard

- (B) One Member on the **City & Metropolitan Welfare Charity**, for a four-year term expiring in March 2025.

Nominations received:-

*Mark Wheatley

- (C) Three Members on the **Guild Council of St Lawrence Jewry**, for a one-year term expiring in March 2022.

Nominations received:-

*Deputy Roger Chadwick

*Simon Duckworth

*Alderman Gregory Jones

- (D) One Member on the **Homerton University Hospital NHS Foundation Trust**, for a three-year term expiring in March 2024.

Nominations received:-

*Randall Anderson

- (E) Five Members on the **Statues Working Group**.

Nominations received:-

Munsur Ali

Doug Barrow

Mary Durcan

Anne Fairweather

Ann Holmes

Natasha Lloyd-Owen

Andy Mayer

John Scott

Jeremy Simons

James Tumbridge

Mark Wheatley

For Decision

16 **The Honourable The Irish Society**

(A) To appoint three Members on **The Honourable The Irish Society**, for three-year terms expiring in March 2024.

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

Nominations received:-

*Sheriff Christopher Hayward *(can serve until March 2024)*

Deputy Edward Lord *(can serve until March 2024)*

*Deputy Richard Regan *(can only serve a further 12 months until March 2022)*

*Ian Seaton *(can only serve a further 12 months until March 2022)*

(B) To note that Alderman William Russell will serve as Governor of The Honourable The Irish Society for a three-year term, expiring in March 2024.

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

(D) To note that Alderman Gregory Jones Q.C. will continue to serve as one of the appointed Aldermen on The Honourable The Irish Society, having previously been appointed for a term expiring in March 2023.

For Decision

17 **Legislation**

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

For Information
(Pages 239 - 240)

18 **Motions**

19 **Resolutions on Retirements, Congratulatory Resolutions, Memorials.**

20 **Docquets for the Hospital Seal**

21 **Awards and Prizes**

22 **By the Chief Commoner**

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

For Decision

23 **Non-Public Minutes**

To agree the non-public minutes of the meeting of the Court held on 14 January 2021.

For Decision
(Pages 241 - 244)

6

24 **Finance Committee**

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

(A) **Extension of Managed Service Temporary Agency**

To consider the extension of an existing contract of a managed service temporary agency.

For Decision
(Pages 245 - 250)

(B) **Contract Extension for Supply of Heat and Chill**

To consider an extension to an existing contract for supply of heat and chill.

For Decision
(Pages 251 - 254)

(C) **Increase in Contract Value for Provision of Mechanical and Electrical Maintenance (Lot 1) and Building Repairs and Maintenance Services (Lot 2)**

To consider the increase in contract value for the provision of mechanical and electrical maintenance, and building repairs and maintenance services.

For Decision
(Pages 255 - 262)

25 **Property Investment Board**

To receive a report of Urgent Action Taken: Bridge House Estates (charity no. 1035628) 206-224a Tower Bridge Road, SE1 – Freehold Disposal.

For Information
(Pages 263 - 264)



RUSSELL, MAYOR

COURT OF COMMON COUNCIL

14th January 2021
MEMBERS PRESENT

ALDERMEN

Sir Charles Edward Beck Bowman
Emma Edhem
Sir Peter Estlin
John Garbutt
Sir Roger Gifford
Alison Gowman
Prem Goyal
David Andrew Graves

Timothy Russell Hailes
Robert Picton Seymour Howard
Robert Charles Hughes-Penney
Gregory Jones QC
Vincent Thomas Keaveny
Alastair John Naisbitt King
Susan Langley
Ian David Luder

Nicholas Stephen Leland Lyons
Sheriff Professor Michael Raymond Mainelli
Bronek Masojada
Sir Andrew Charles Parmley
The Rt Hon. The Lord Mayor, Alderman
William Anthony Bowater Russell
Sir David Hugh Wootton
Sir Alan Colin Drake Yarrow

COMMONERS

George Christopher Abrahams
Deputy John David Absalom
Caroline Kordai Addy
Munsur Ali
Rehana Banu Ameer
Randall Keith Anderson
Alexander Robertson Martin Barr
Douglas Barrow
Adrian Mark Bastow
Matthew Bell
Deputy John Bennett
Peter Gordon Bennett
Nicholas Michael Bensted-Smith
Christopher Paul Boden
Mark Bostock
Deputy Keith David Forbes
Bottomley
Deputy David John Bradshaw
Deputy Michael John Cassidy
Deputy Roger Arthur Holden
Chadwick
John Douglas Chapman
Dominic Gerard Christian
Thomas Cowley Clementi
Henry Nicholas Almroth Colthurst

Graeme Doshi-Smith
Karina Dostalova
Simon D'Olier Duckworth
Deputy Peter Gerard Dunphy
Mary Durcan
John Ernest Edwards
Deputy Kevin Malcolm Everett
Anne Helen Fairweather
Helen Lesley Fentimen
Sophie Anne Fernandes
Marianne Bernadette Fredericks
Tracey Graham
Caroline Wilma Haines
The Revd Stephen Decatur Haines
Graeme Harrower
Sheriff Christopher Michael
Hayward
Christopher Hill
Deputy Tom Hoffman
Ann Holmes
Michael Hudson
Deputy Wendy Hyde
Deputy Jamie Ingham Clark
Deputy Clare James
Deputy Henry Llewellyn Michael
Jones

Shravan Joshi
Angus Knowles-Cutler
Gregory Alfred Lawrence
Tim Levene
Vivienne Littlechild
Natasha Maria Cabrera Lloyd-Owen
Oliver Arthur Wynlayne Lodge
Deputy Edward Lord,
Paul Nicholas Martinelli
Andrew Paul Mayer
Jeremy Mayhew
Catherine McGuinness, Deputy
Andrew Stratton McMurtrie
Wendy Mead
Deputy Robert Allan Merrett
Deputy Andrien Gereith Dominic
Meyers
Deputy Brian Desmond Francis
Mooney
Hugh Fenton Morris
Deputy Alastair Michael Moss
Benjamin Daniel Murphy
Barbara Patricia Newman
Graham Packham
Dhruv Patel

Susan Jane Pearson
John Petrie
William Pimlott
Judith Pleasance
Deputy James Henry George Pollard
Jason Paul Pritchard
Stephen Douglas Quilter
Deputy Elizabeth Rogula
James de Sausmarez
Ruby Sayed
John George Stewart Scott
Ian Christopher Norman Seaton
Oliver Sells QC
Deputy Dr Giles Robert Evelyn Shilson
Jeremy Lewis Simons
Deputy Tom Sleight
Sir Michael Snyder
Deputy James Michael Douglas
Thomson
Deputy John Tomlinson,
Mark Raymond Peter Henry Delano
Wheatley
Deputy Philip Woodhouse
Dawn Linsey Wright

1. Apologies The apologies of those Members unable to attend this meeting of the Court were noted.
2. Declarations There were no additional declarations.
3. Minutes *Resolved* – That the minutes of the last Court are correctly recorded, subject to the correction of a typographical error.

4. Mayoral
Visits

The Rt Hon the Lord Mayor took the opportunity to update the Court on his virtual engagement programme.

5. Policy
Statement

The Chair of the Policy and Resources Committee provided Members with an update on the latest position in respect of the Covid-19 response and the end of the EU transition period.

6. **POLICY AND RESOURCES COMMITTEE**

(Deputy Catherine McGuinness)

10 December 2020

Governance Review: Standards Regime

The Court was recommended to approve a series of proposals relating to the establishment of a new Standards regime and associated implications in respect of other existing arrangements.

The Chair spoke to introduce the proposals, noting they emerged from extensive engagement with Members in response to Lord Lisvane's review. In response to questions, she expressed her personal agreement that the principle of increased transparency should extend to co-optees and Chief Officers as well as Members, and clarified that the involvement of Members at the Appeal Stage was intended to assist the Panel through the provision of contextual information. The Chair also stressed the importance of flexibility in being able to refine and improve arrangements as required once the new system was in place.

Resolved - That:-

1. The proposals in relation to Standards made by Lord Lisvane in Section 8 of his Review (Appendix 1) be noted and the recommendations of the Policy and Resources Committee thereon, as set out in paragraphs 20-30 of this report, be approved.
2. The Town Clerk be authorised to take such actions as are required to give effect to the decisions taken by this Court and facilitate their implementation.

7. **PLANNING AND TRANSPORTATION COMMITTEE**

(Deputy Alastair Moss)

17 November 2020

City Plan 2036: Revisions to Proposed Submission Draft Plan

The draft Local Plan, titled City Plan 2036, had been agreed for Regulation 19 pre-submission consultation by the Court of Common Council at its meeting on 21 May 2020. Local Plan regulations at that time prevented consultation taking place without making physical copies of the Plan available for inspection; however, amendments to those Regulations in July 2020 now enabled a website-only consultation to occur.

Changes to the Plan were now required prior to this consultation taking place in order to address revisions to permitted development rights and the Use Classes Order, which came into effect on 31 August and 1 September 2020, as well as to

address other items, such as the impacts of the Covid-19 pandemic, and the City's climate ambitions as set out by the recently approved Climate Action Strategy.

These changes had been agreed by the Planning & Transportation Committee and Policy & Resources Committee and were now recommended to the Court of Common Council.

In response to questions concerning the future demand for office space and the potential to explore developing sites for housing, the Chair expressed his confidence that the City remained the best place to do business and would continue to attract demand. He observed that the Planning department was incredibly busy at present with a significant volume of applications, demonstrating there was clear continued appetite for office space. The Chair acknowledged that there would likely be an element of adaptation or change to how such space was used but added that this sort of evolution was natural within the City. The Chair also observed that the Plan already emphasised the importance of housing, making a clear commitment to 1460 net additional dwellings, a figure above the estimated housing need for the City over the period, whilst also strengthening the commitment to the delivery of affordable housing.

In response to a further question concerning the Bevis Marks Synagogue, the Chair was pleased to note that the Plan recognised the fundamental importance of the historic fabric of the City but suggested that he did not think it would be appropriate for specific buildings to be mentioned. However, he emphasised that he was fully aware of the specific importance of Bevis Marks and its great historical, cultural and religious significance, adding that he had had the privilege of a recent meeting with representatives of the Synagogue and was looking forward to further meetings in due course.

Resolved – That :-

1. The proposed changes to the Proposed Submission draft Local Plan, as set out in Appendix 1 to the report, be approved and the draft Local Plan be published for consultation.
2. The Director of the Built Environment be authorised to make further non-material amendments and editorial changes prior to public consultation.
3. Follow consultation, the Local Plan, the public representations and other supporting documentation be submitted to the Secretary of State, for Examination.
4. Should any material changes be required to the Local Plan following consultation and prior to submission, consideration of these changes be delegated to the Planning and Transportation Committee.
5. The Director of the Built Environment, in liaison with the Chair and Deputy Chair of the Planning & Transportation Committee, be instructed to compile a list of any proposed non-material changes to the Local Plan, in response to public representations and submit this to the Secretary of State.

(Caroline Kordai Addy)

2 October 2020

Fixed Terms for Independent Persons

The Committee on Standards in Public Life had recommended that Independent Persons be appointed for a fixed term of two years, renewable once. The Committee had also recommended that the terms of multiple Independent Persons should, ideally, overlap. Both the Standards Committee and the Establishment Committee had now considered this matter and were proposing to introduce a fixed term of two years, renewable twice. The Standards Committee had also agreed in principle to stagger the appointments of the Independent Persons. The Court was now **recommended** to endorse these proposals and the necessary transitional arrangements.

Resolved – That a fixed term of office of two years, renewable twice, be adopted for the City Corporation's Independent Persons, alongside the necessary transitional arrangements as set out in the report.

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

(Deputy Brian Desmond Francis Mooney, the Chief Commoner)

21 December 2020

Applications for Hospitality

(A) Armed Forces Day 2021

Armed Forces Flag Day formed part of a week of activities across the country to raise public awareness of the contribution made by the Armed Forces. It was established to provide an opportunity to show support to members of the Armed Forces and Service families.

To mark this occasion, it was proposed that the City Corporation host a flag-raising ceremony in Guildhall Yard during the afternoon of Thursday 24th June 2021, followed by light refreshments in the Old Library. The event would provide an opportunity for the City to show its support for the Armed Forces, acknowledge the challenges encountered in response to the COVID-19 pandemic, and raise awareness of the contribution made by those who are currently serving or have previously served in the Forces.

Resolved – That hospitality be granted for a flag-raising ceremony to mark Armed Forces Flag Day, followed by light refreshments, and that arrangements be made under the auspices of the Hospitality Working Party; the costs to be met from City's Cash and within the approved parameters.

(B) Commonwealth and High Commissioners Banquet 2021

The City Corporation had hosted an annual banquet for the Commonwealth High Commissioners since 2015. The Commonwealth Heads of Government Meeting (CHOGM) for 2020 was scheduled to take place in Rwanda in June, with the High Commissioners' Banquet planned for September; however, owing to the Covid-19 pandemic, CHOGM and the Banquet had had to be deferred. It was now

anticipated that CHOGM would take place in June 2021, subject to any public health restrictions that might be in operation at the time.

It was, therefore, proposed that the City Corporation host the High Commissioners' Banquet at Guildhall on Monday 13th September 2021, working with the Royal Commonwealth Society and Commonwealth Enterprise and Investment Council.

Resolved – That hospitality be granted for a banquet for the Commonwealth High Commissioners and that arrangements be made under the auspices of the Policy and Resources Committee; the costs to be met from City's Cash and within the agreed parameters.

10.
Committee
Appointments

The Court proceeded to consider appointments to the following Committees:-

- (A) Two Members on the **Education Board**, for the balance of terms expiring in April 2021 and April 2024.

Nominations received:

Tijs Broeke

Alderman Robert Picton Seymour Howard

Read.

Whereupon the Lord Mayor declared Tijs Broeke and Alderman Robert Picton Seymour Howard to be appointed to the Education Board for the balance of terms expiring in April 2024 and April 2021, respectively.

- (B) One Member on **Christ's Hospital**, for a term expiring in March 2024.

Nomination received:

Tijs Broeke

Read.

Whereupon the Lord Mayor declared Tijs Broeke to be appointed to Christ's Hospital for a term expiring in March 2024.

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

Syed Ali Abbas <i>Ald. & Sheriff Prof. Michael Raymond Mainelli</i>	an Imam <i>Citizen and World Trader</i>	Streatham, London
Ald. Alastair John Naisbitt King	<i>Citizen and Blacksmith</i>	
Md Shahidul Alam <i>Oliver Sells, QC, CC</i>	a Cricket Development Chief <i>Citizen and Musician</i>	Stratford, London
<i>Graeme Martyn Doshi-Smith, CC</i>	<i>Citizen and Information Technologist</i>	
Tudor Victor Leopold	a Healthcare Service Manager	Finsbury Park, London

Porchester Baron <i>Thomas Sleigh, Deputy Ald. & Sheriff Prof. Michael Raymond Mainelli</i>	<i>Citizen and Common Councillor Citizen and World Trader</i>	
Benjamin Alan Brooker <i>Ian Brooker Michael John Goddard</i>	a Musician <i>Citizen and Upholder Citizen and Upholder</i>	Rochester, Kent
Nicola Jane Bunce <i>Ann-Marie Jefferys Anne Elizabeth Holden</i>	a Willow Sculptress <i>Citizen and Glover Citizen and Basketmaker</i>	Amersham, Buckinghamshire
Daniel Nicholas Cohen <i>The Rt. Hon The Lord Mayor Timothy Levene, CC</i>	a Media Executive <i>Citizen and Carman</i>	Primrose Hill, London
Michelle Jayne Dite <i>The Rt. Hon The Lord Mayor John Dominic Reid</i>	an Operations Director <i>Citizen and Grocer</i>	Balham, London
Nicholas Henry Fothergill <i>The Rt. Hon The Lord Mayor Hilary Ann Russell</i>	a Company Chairman <i>Citizen and Farmer</i>	Leicestershire
Eileen Margaret Fraser <i>Ann-Marie Jefferys Dr. David Jefferys</i>	a Genealogist, retired <i>Citizen and Glover Citizen and Apothecary</i>	Radlett, Hertfordshire
Neil Anthony Fraser <i>Ann-Marie Jefferys Dr. David Jefferys</i>	a Genealogist and Probate Researcher <i>Citizen and Glover Citizen and Apothecary</i>	Twickenham, Middlesex
Tao Geoghegan Hart <i>The Rt. Hon The Lord Mayor Hilary Ann Russell</i>	an Athlete <i>Citizen and Farmer</i>	Solder, Andorra
Philip Stephen Gregory <i>Jeremy Paul Mayhew, CC Robert James Ingham Clark, Deputy</i>	a Chartered Accountant <i>Citizen and Loriner Citizen and Clothworker</i>	Watford, Hertfordshire
Margaret Ejodamen James- Cooper <i>Ann-Marie Jefferys Anne Elizabeth Holden</i>	a Political Journalist, retired <i>Citizen and Glover Citizen and Basketmaker</i>	Woodford Bridge, Essex
Fon Lim <i>Frederick Joseph Trowman David Robert Boston</i>	a Production Businessman <i>Citizen and Loriner Citizen and Gold & Silver Wyre Drawer</i>	Singapore
Amy Victoria Rose Marren <i>Iain Reid Edward Gradosielski, BEM</i>	an Apprentice Solicitor <i>Citizen and Educator Citizen and Wax Chandler</i>	Hornchurch, Essex
Georgia Alexandra Rose	a Business Administration	Hornchurch, Essex

Marren <i>Iain Reid</i> <i>Edward Gradosiezska, BEM</i>	Apprentice <i>Citizen and Educator</i> <i>Citizen and Wax Chandler</i>	
Sarah Louise Melvin <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	a Fund Management Executive <i>Citizen and Farmer</i>	Richmond, Surrey
Fernando Bras Messias <i>John Hartley Bowman</i> <i>Alan Robert Brumwell</i>	a Lawyer <i>Citizen and Stationer & Newspaper</i> <i>Maker</i> <i>Citizen and Plumber</i>	Faro, Portugal
Cameron Jay Rains <i>Ald. Vincent Keaveny</i> <i>David Fergus McDonough, OBE</i>	a Law Firm Chief Executive Officer <i>Citizen and Solicitor</i> <i>Citizen and Merchant Taylor</i>	La Mesa, California, United States of America
Dame Benita Margaret Rayne <i>The Rt. Hon The Lord Mayor</i> <i>Hilary Ann Russell</i>	a Trustee <i>Citizen and Farmer</i>	Kensington
Brian Anthony Sarre <i>Alfred Bain</i> <i>Michael McAllister Todd</i>	a Community Centre Manager <i>Citizen and Turner</i> <i>Citizen and Turner</i>	St Peter Port, Guernsey
Richard Ross Smith, CBE <i>The Rt. Hon The Lord Mayor</i> <i>John Dominic Reid</i>	a Military Charity Senior Executive <i>Citizen and Grocer</i>	Haselbech, Northamptonshire
Michael Patrick Joseph Vaughan <i>Raymond Hollands</i> <i>Donald Howard Coombe, MBE</i>	a City of London Police Constable, retired <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Lowestoft, Suffolk
Simon David Warshaw <i>The Rt. Hon The Lord Mayor</i> <i>Jonathan Michael Arundell Bewes</i>	a Banker <i>Citizen and Fan Maker</i>	Ladbroke Grove, London
Susan Mary Williams <i>Ann-Marie Jefferys</i> <i>Anne Elizabeth Holden</i>	a Matron, retired <i>Citizen and Glover</i> <i>Citizen and Basketmaker</i>	Hook Norton, Oxfordshire

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

12. Motions

Meyers,
A.G.D., Deputy;
Mooney,
B.D.F., Deputy

Resolved – That Doug Barrow be appointed to the Planning and Transportation Committee for the Ward of Aldgate, in the room of Sylvia Doreen Moys.

13. Questions

Joshi, S.J., to
the Chair of the
Policy &
Resources
Committee

Climate Action Strategy

Shravan Joshi asked a question of the Chair of the Policy and Resources Committee seeking an update on the implementation of the Climate Action Strategy.

Responding, the Chair agreed that the Climate Action Strategy represented a significant great achievement and advised that the actions within that strategy were now being implemented at pace. She explained that detailed project plans for each action area, converting the targets and metrics described in the strategy into annual targets for achievement between 2021 and 2027, were now being developed, together with a new performance management system to facilitate this process. It would be vital for the strategy to become embedded in the day-to-day activity of every department and associated actions and targets were also being integrated into 2021-22 business planning process and relevant Chief Officers' performance objectives.

The Chair also outlined the various capital bids associated with the Strategy already approved by the Resource Allocation Sub Committee, together with a further £200,000 approved from the Policy Contingency Fund to support critical enabling actions in the 2020/21 financial year to accelerate the programme. She noted that dedicated officer governance had been developed to support the four delivery areas related to building interventions, as well as wider measures associated with committee reporting and decision-making.

Finally, the Chair touched on the significant engagement activity initiated across all audiences ahead of a re-launch planned for the Spring, including with bodies such as the London Assembly, City Property Association, the Annual City Residents' Meeting, Livery Companies, and the UK's Net Zero Business Champion Andrew Griffiths.

In response to a supplementary question from Shravan Joshi concerning emissions from the Barbican Estate, the Chair advised that officers were working to identify the exact site level interventions at the Barbican and other buildings, both operational and investment. This included the treatment of lighting, heating, electrical systems and building fabric, whilst the use of building monitoring systems across the estates would be expanded to better understand usage and opportunities to use solar will be reviewed. The Climate Action Team were already engaging with residents and were planning proportionate engagement with other audiences. Other measures were also being considered and further information would be presented to Members as plans progressed.

Barr, A.R.M., to
the Chair of the
Policy &
Resources
Committee

COVID recovery and support for City businesses

Alexander Barr asked a question of the Chair of the Policy and Resources Committee regarding the recovery from COVID and support for SMEs and businesses in the City.

The Chair, responding, observed that the new national lockdown would make trading exceptionally difficult – if not impossible – for many businesses. She therefore welcomed the additional support outlined by the Chancellor of the Exchequer recently, including one-off top-up grants to closed businesses and a

further £594 million being made available for Local Authorities and the Devolved Administrations to support other businesses not eligible for these grants but which might be affected by the restrictions. Further information on when and how the new funding would be allocated was awaited but, when received, the City Corporation would be contacting eligible businesses accordingly.

Nevertheless, it was undoubtedly true that some businesses in the City would continue to struggle despite this announcement and the City Corporation would continue to press the Government for further support and seek to treat our own tenants considerately.

In the meantime, the Chair urged all Londoners to comply with the new rules and welcomed the vaccine rollout well under way, stressing that it was essential to bring COVID-19 under control so that London and the rest of the country could return to a semblance of normality as soon as possible. The City was also hoping for clarity on when office workers could return to COVID-secure workplaces as soon as possible.

In reply to a supplementary question from Alexander Barr concerning adjustments to the Local Plan and various related strategies necessitated by the pandemic, the Chair observed that the relevance and resilience of the new Local Plan had benefitted from the fresh thinking recently undertaken as part of the City Corporation's London Recharged Report, which had been prepared during the pandemic and was informed by interviews with many senior figures to gauge their latest views on the short term and long-term implications of the pandemic for London. The close alignment between the new Local Plan and the recommendations in the London Recharged Report provided some reassurance that the Plan was sufficiently flexible to remain relevant and, indeed, the version approved by the Court earlier in the meeting had included several changes to reflect key aspects of the London Recharged Report, such as the increased importance of providing buildings and spaces which encourage collaboration and creativity.

COVID-related road safety measures

Deputy James Thomson asked a question of the Chair of the Planning and Transportation Committee in relation to COVID-related road safety measures.

The Chair, replying, advised that the Planning & Transportation Committee had agreed at its 5 January 2021 meeting to retain the temporary traffic management measures currently deployed on City streets in response to Covid-19. This would ensure the safety of residents, workers and visitors while social distancing requirements remained in place, whilst also encouraging people to walk and cycle, including as an alternative to using public transport, as the gradual return to the workplace continued.

The Chair outlined the gradual replacement temporary materials such as barriers and cones with more robust but still temporary plastic wands and bolt down kerbs, which would require less maintenance and provide greater clarity to all street users. Throughout the project, feedback from street users had been sought and, where appropriate and possible, on-street changes made in response. Examples of such feedback-based improvements included on Chancery Lane, Threadneedle Street

Thomson,
J.M.D., Deputy, to
the Chair of the
Planning &
Transportation
Committee

and Lothbury.

As the timing and extent of a meaningful return to the workplace remained unclear, the Chair advised that the need for these interventions would be reviewed again in the Spring but that amendments at particular locations would continue to be made in the interim where necessary and appropriate. However, he stressed the importance of avoiding a car-led recovery, noting that this would lead to increased congestion, road danger and air pollution.

Following a supplementary question from Deputy James Thomson concerning the provision of feedback in relation to the measures, the Chair advised that the public, Members, and businesses could provide comments, including requests or suggestions for changes, via an online portal or by emailing the City Transportation team directly. Details were available on the City's website and had been promoted through various City Corporation email lists. In relation to a specific query concerning the City of London Police, the Chair advised that they had been engaged throughout the process and were represented at the officer group overseeing the transport recovery programme. There had also been several meetings with representatives of the taxi trade and private hire operators, engagement with the freight industry and industry groups such as the Brewery Logistics Group, and ongoing collaboration with Transport for London.

Marianne Fredericks asked a supplementary question in which she expressed concern as to the suspension of some bus stops in order to accommodate these temporary measures, observing the detrimental impact on those with mobility issues. She also stressed the importance of communications post-pandemic in relation to road closures and through-routes so that road users were fully cognisant of arrangements and traffic could be minimised.

Responding, the Chair advised that he did not believe the City Corporation had the power to suspend any bus stops so was not aware of any such action the Corporation might have taken. However, he undertook to raise the issue with TfL in the event they had taken such steps and reiterated his encouragement for Members to highlight any such issues to officers at any time so as to ensure improvements to any arrangements could be implemented swiftly. In relation to through-routes, the Chair reminded the Court that the Corporation's policy was to not encourage these, as it was seeking to minimise the use of roads due to safety and air quality concerns.

Staff Pay Award and Union Engagement

Anne Fairweather asked a question of the Chair of the Establishment Committee concerning the staff pay award and the latest engagement with the Unions.

The Chair reminded Members of the outcomes of the Joint Consultative Committee meeting on 9 December 2020, as articulated in subsequent communications to the Court. At this meeting, the two recognised Trades' Unions had been informed that, as a result of the economic effect on the City Corporation of the pandemic, coupled with the "pay pause" in public sector pay announced by the Government in its Spending Review published at the end of November, the pay increases arising for the second year of the three-year Pay Award agreed previously, which would have

Fairweather,
A.H., to the
Chair of the
Establishment
Committee

been effective from 1 July 2021, would need to be suspended. The agreement reached with the Unions for this three-year pay award had had a clause inserted which allowed either side to require review of its terms in the event of “extraordinary circumstances” arising: it was unquestionable that the pandemic and its effects constituted such circumstances. The City Corporation would, however, continue to implement an increase of 1.525% on base pay for all employees on the lower grades A-C and their associated “Plus” and “Residential” grades. This would maximise the number of employees covered and guarantee a minimum increase of £250 to all such full-time staff in those grades where full-time base pay was £24,000 a year or less.

The Unions had since written to the Chair and, whilst not disputing the review clause itself, expressed their preference would have been for this to be activated by negotiations, rather than presented as a decision already taken. The Chair expressed the view that the decision was an honest appraisal of what the City Corporation could reasonably afford in the present circumstances and a conscious decision had been taken not to waste the Unions’ time with inappropriate offers, simply to go through the motions of ‘negotiating’ a settlement. As yet, the Chair was unaware of any proposals the Unions might make in the national local-government pay negotiations for 2021, nor what the Local Government Association’s response will be, though they felt it was unlikely to be generous.

Responding to a supplementary question from Anne Fairweather concerning pay awards in recent years made by London Local Authorities, the Chair advised that increases across the most recent five-year period respectively were 11.71% at the City Corporation and 9.05% at the rest of the inner London Boroughs.

Meeting Scheduling

Dostalova, K. to
the Chair of the
Policy &
Resources
Committee

Karina Dostalova asked a question of the Chair of Policy and Resources Committee concerning the scheduling of meetings on Monday mornings.

The Chair expressed sympathy for the difficulties faced by Members juggling personal and professional commitments, as well as for the challenges in scheduling the significant number of meetings to accommodate Chairs’ diaries and avoid clashes. She suggested that this be fed into the governance review for consideration and, in the interim, suggested it might be beneficial to liaise with relevant Chairs if there were particular meetings scheduled for times that individuals consistently could not make.

Chairmanship of the Policy and Resources Committee

Lawrence, G.A.,
to the Chair of
the Policy &
Resources
Committee

Greg Lawrence asked a question of the Chair of Policy and Resources Committee regarding her intentions in respect of the future chairmanship of that Committee.

The Chair, in reply, thanked the Member for taking an interest in her plans and assured him she intended to complete her term, subject to the continued support of Members in doing so.

Financial services passporting and equivalency arrangements

Woodhouse,
P.J., Deputy, to
the Chair of the

Deputy Philip Woodhouse asked a question of the Chair of Policy and Resources Committee in relation to passporting and equivalency arrangements for financial

services.

Responding, the Chair noted that, whilst the City was pleased that there was now a Free Trade Agreement, there was currently very limited coverage of financial services therein. Passporting rights had been lost and only a small number of positive EU equivalence decisions had been made. The City was already urging both sides to continue to work on these other outstanding issues in the interests of households and businesses on both sides of the Channel, whilst also continuing to urge the EU to take further equivalence decisions.

The City would also continue to engage with all parts of Government as they discussed with the EU further aspects of the UK's new relationship. This included the recently announced review of Financial and Professional Services (FPS) regulatory equivalence led by the Economic Secretary John Glen MP and senior Treasury official Katherine Braddick. The Chair was in regular dialogue with both and had just this week written to them on this issue.

In closing, the Chair added that through the recently released 'London Recharged' report the City had recognised that London needed to reinvent itself to maintain its world-leading position. That included everything – from office infrastructure to better collaboration with international partners. Regulation would be a key part of this and the London Recharged report highlighted important areas in this respect.

14.

FINANCE COMMITTEE POLICY AND RESOURCES COMMITTEE

(Jeremy Paul Mayhew)
(Deputy Catherine McGuinness)

26 November 2020

Report of Urgent Action Taken: Update to the Code of Corporate Governance concerning delegation of write-off limits and discretionary Business Rates relief

During 2020, in an effort to streamline and accelerate the decision-making process as part of the Corporation's immediate response to the Covid-19 pandemic, amendments were made to the Scheme of Delegations affecting irrecoverable debt write-off limits. The Head of Revenues was given delegation to write-off debts of up to £100,000, and the Chamberlain was given delegation to write-off debts of up to £500,000 (the pre-Covid delegated limit was £20,000). Debts over £500,000 still required approval by your Finance Committee. These temporary measures expired on 31 October 2020.

At the same time, the limits of delegation were increased for the Head of Revenues from £5,000 to £25,000 for awards of discretionary rate relief, made under Sections 47 and 49 of the Local Government Finance Act 1988. This was also a temporary measure which expired on 31 October 2020.

Whilst the temporary write-offs and discretionary rate relief limits had now expired, it was felt that the reason for the increased delegation limits continued, with many businesses and individuals likely to suffer further financial difficulties as a result of the pandemic.

In the absence of a November meeting of the Court its approval was, therefore, sought under urgency procedures, to extend the delegations for these revised limits until 31 March 2021.

A new grant scheme was also announced by the Government in the autumn, which involved regular support grant payments to businesses that have been forced to suspend trading due to the Covid restrictions. As this was a new scheme, there had been no previous requirement for delegation and, therefore, the Court was also asked to delegate authority for the payment of these business support grants to the Head of Revenues.

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

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

Bills

European Union (Future Relationship) Act

The Bill was introduced and received Royal Assent prior to the meeting of this Court. It implements and makes provision in connection with the Trade and Cooperation Agreement (TCA) and other Agreements with the EU. It received Royal Assent on 30th December after Parliamentary proceedings were completed within one day, in order to pass the Act before the end of the post-Brexit transition period on 31st December. The Act makes provision in connection with the UK's future relationship with the EU and its member States, enabling the implementation of arrangements and agreements that are either foreseen in the current Agreements, or which are agreed by the UK and EU to be 'supplementary' to the TCA. The Bill also creates powers to make secondary legislation, where appropriate, to enable the Agreements to be implemented domestically or for domestic law to be interpreted in light of the Agreements.

Date in force

30th December 2020

Statutory Instruments

The Criminal Procedure and Investigations Act 1996 (Code of Practice) Order 2020 No. 1330

This Order brings the revised code of practice ("the Code") into operation, replacing the one which was brought into operation by a previous Order of 2015, in accordance with the Criminal Procedure and Investigations Act 1996. The Code sets out the manner in which police officers are to record, retain and reveal to the prosecutor material obtained in the course of a criminal investigation and which may be relevant to the investigation. The revisions introduced by the Code implement recommendations of the Attorney General's Review of the efficiency and effectiveness of disclosure in the criminal justice system, published in November 2018. Copies of the Code and the Explanatory Memorandum may be obtained from the Remembrancer's Office.

31st December 2020

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

Read.

16. Hospital Seal There were no docquets for the Seal.
17. Awards & Prizes There was no report.
18. Congratulatory Resolutions *Resolved* – That, following the reference to a number of Members and Officers of the City, Corporation and City of London Police in the New Year's Honours List and the delayed Birthday Honour's List, the sincere congratulations of this Court be offered to:-
- (i) Jeremy Lewis Simons, OBE, on his recent appointment by Her Majesty the Queen as an Officer of the Most Excellent Order of the British Empire, in recognition of his services to environmental conservation in London.
 - (ii) John Michael Petrie, OBE, on his recent appointment by Her Majesty the Queen as an Officer of the Most Excellent Order of the British Empire, in recognition of his services to Antigua and Barbuda.
 - (iii) Douglas Gordon Fleming Barrow, MBE, on his recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire, in recognition of his services to the maritime sector and to the City of London.
 - (iv) Shravan Jashvantrai Joshi, MBE, on his recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire, in recognition of his services to diversity and the British Hindu community.
 - (v) Sufina Ahmad, MBE, until recently Corporate Strategy Manager at the City Corporation, on her recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire, in recognition of her contributions to charitable service.
 - (vi) Joanne Folan, QPM, until her recent retirement a Detective Constable with the City of London Police, on her award by Her Majesty the Queen of the Queen's Police Medal.
19. *Resolved* – that the public be excluded from the meeting for the following items of business below on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of the Local Government Act, 1972.
- Summary of exempt items considered whilst the public were excluded:-**
20. *Resolved* – That the non-public minutes of the last Court are correctly recorded.
21. **Policy and Resources Committee**
The Court approved proposals in relation to the City's Wholesale Markets Consolidation Programme.

22.

Property Investment Board

The Court noted two reports of the Property Investment Board, advising of action taken under urgency procedures, as follows:-

- (A) action taken in respect of the surrender and re-grant of two long-term leases.
- (B) action taken in respect of the purchase of a long leasehold.

The meeting commenced at 1.00pm and ended at 2.27pm.

BARRADELL.

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Report – Finance Committee

City Fund 2021/22 Budget Report and Medium-Term Financial Strategy

To be presented on Thursday, 4th March 2021

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

SUMMARY

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

The significant effort across the Corporation family to commit to the 12% savings required for 2021/22, is delivering a balanced budget and puts the Corporation on track for a sustainable Medium-Term Financial Plan. However, with a global pandemic and worsening economic position, pressures and risks for the City Corporation's finances will continue into the 2021/22 fiscal year. This is only the 'end of the beginning'; the task to secure the future savings 'flightpath' remains and there is a need to manage the significant remaining COVID risks and unprecedented range of external challenges e.g. Local Government and Police Spending Reviews and Business Rates income fluctuations.

Tough decisions have been required, but Members have worked to:

- Mitigate the impact on vital front-line services in social care, rough sleeping, and support to our Academies;
- Finance the Climate Action Strategy within the MTFP;
- Re-prioritise existing resources to accommodate funding bids relating to policy initiatives: e.g. culture mile; and
- Prioritise the 2021/22 Capital Programme, enabling the funding for schemes totalling £32.9m in the Climate Action Strategy.

In December, Finance Committee approved the proposals to balance the budget for 2021/22 and adjustments have been made to departmental local risk budgets following Policy and Resources Committee approval, effectively creating a resource limit for each department and relevant service committee.

Further work will be needed to identify savings that meet the full extent of the financial gap over the medium-term and provide a build back better/new priorities fund for new policy initiatives, principally the Climate Action Strategy.

The medium-term financial outlook is summarised in the table below:

Surplus/(Deficit)	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
City Fund forecast position	32.9	8.0	(4.7)	(0.8)	1.9
Contribution to Build Back Better Fund	0.0	(3.9)	(3.1)	(5.6)	(5.6)
City Fund Surplus/(Deficit)	32.9	4.1	(7.8)	(6.4)	(3.6)
General Reserves*	20.0	20.0	20.0	20.0	20.0
Major Project Financing Reserve	81.7	74.4	64.9	57.4	50.9

* General fund reserve maintained at minimal prudent amount for working capital.

The additional year of business rate growth retention benefits City Fund by £27m in 2021/22, producing a small surplus of £8m, giving a much-needed boost to the financial position and enabling a contribution of £3.9m to the Build Back Better Fund, used initially for the Climate Action Strategy. However, there are significant downside risks to this surplus outlined at paragraph 19; including:

- significant ongoing COVID impact on the Barbican Centre, requiring £7m support for continuing lost income and on other sources of income; and
- modelling a more pessimistic view on retained business rates income removes almost all of the £27m growth - pushing City Fund into an estimated £19m deficit. Alongside the potential impact of a more pessimistic rents position, we recommend holding back £30m of reserves in mitigation.

Turning to the **capital position**, under the annual process, bids for capital funding totalling £65.1m for City Fund were approved in principle by Resource Allocation Sub Committee. Whilst the £65m is much higher than the more usual £20m level, the sum includes the Climate Action Strategy and is considered manageable over the medium-term, albeit that mitigating actions will be needed to provide funding for future capital spending requirements.

This report recommends a number of measures to stabilise the position in 2021/22, which will, in turn, help to support the steps that will need to be taken over the medium-term, including further work on identifying flightpath savings, building on collaboration between service committees, moving from a tactical response to COVID to service transformation and containing the cost of major projects and other programmes.

For 2021/22, Members will need to consider whether to:

- Levy a Social Care precept of 3%; but otherwise freeze council tax.
- Retain business rates premium at 0.8p in the £ /Increase the Business Rates Premium (against a backdrop of COVID impact on local businesses).

Your Finance Committee unanimously supported these recommendations, recognising for both residents and businesses that this is not the year to increase tax, except to reduce the need for budget savings for social care services.

Members will also want to note that increased revenue pressures have been accommodated by reprioritising existing budgets and signal an expectation that additional pressures that might arise during 2021/22 will be absorbed within local risk budgets.

Recommendations

Following your Finance Committee's consideration of this report, it is recommended that the Members of the Court of Common Council:

- Note the overall budget envelopes incorporate the 12% savings (or 6% in the case of social care and children's services), as agreed by Resource Allocation Sub Committee, and are consistent with the approved savings flightpath.
- Monitor the COVID income risk during 2021/22 and maintain a COVID contingency fund, not releasing £30m of general fund reserves for major project spend.
- Approve the overall financial framework and the revised Medium-Term Financial Strategy (paragraph 18).
- Approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22, including the treasury indicators.
- Approve the City Fund Net Budget Requirement of £153.6m (paragraph 40).

Key decisions:

The key decisions are in setting the levels of Council Tax and Non- Domestic rates:

Council Tax

- To approve an increase in the Adult Social Care Precept of 3.00% raising circa £200k p.a. (paragraph 25).
- To consider whether to otherwise freeze council tax (paragraph 27).
- Determine the amounts of Council Tax for the three areas of the City (the City, the Middle Temple and the Inner Temple to which are added the precept of the Greater London Authority (GLA), for 2021 £96.53, expressed at band D - appendix A.
- Determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2021/22 will not be excessive in relation to the requirements for referendum. [Increase in the Adult Social Care Precept of 3.00%, which will result in a total Council Tax amount of £952.91, expressed at band D
- Determine the current 100% discount awarded to unoccupied and unfurnished and uninhabitable dwellings is continued at zero (0%) for the financial year 2021/22.
- Determine that the premium levied on long-term empty property for 2021/22 of 100% and 200% is continued and that for properties that have been empty for over ten years, a premium of 300% is levied.
- It is recommended that, having regard to the government guidance issued, the Chamberlain be given the discretion, delegated to the Head of Revenues, to reduce or waive the long-term empty premium charge in exceptional circumstances.

- Approve that the cost of highways, street cleansing, waste collection and disposal, drains and sewers, and road safety functions for 2021/22 be treated as special expenses to be borne by the City's residents outside the Temples (appendix A).

Business Rates

- Set a Non-Domestic Rate multiplier of 52p and a Small Business Non-Domestic Rate Multiplier Rate of 50.7p for 2021/22.
- Note that, in addition, the GLA is levying a Business Rate Supplement in 2021/22 of 2.0p in the £ on properties with a rateable value of £70,000 and above (paragraph 47).
- Delegate to the Chamberlain the award of discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988 (paragraphs 48-52).

Capital Expenditure

- Approve the Capital Strategy (appendix E).
- Fund the court element of the Salisbury Square project from City's Cash, rather than City Fund, to better equalise the call on the Corporation's investment assets and to protect the local authority fund. (paragraph 22).
- Approve the Capital Budgets for City Fund and the allocation of central funding, totalling £245.1m to meet the costs of the Capital Programme (which included £30.5m relating to new schemes) – release of funding being subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub Committee at Gateway 4(a) (paragraph 53)
- Approve the allocation of central funding in 2021/22 to provide internal loan facilities for the Police and the HRA, currently estimated at £4.9m and £19.2m respectively.
- Approve the Prudential Code indicators (appendix C).
- Approve the authorised limit for external debt (which is the maximum the City Fund may have outstanding by way of external borrowing) at £237.5m for 2021/22; and the Minimum Revenue Provision (MRP) for 2021/22 at £1.1m (MRP policy is included within appendix D – Treasury Management Strategy Statement and Investment Strategy Statement 2021/22 - appendix 2).

Treasury Management Strategy Statement and Investment Strategy Statement 2021/22 (Appendix D)

- Approve the following changes to the creditworthiness policy to ensure the Corporation can continue to access a wide enough range of counterparties of suitable credit standing when investing cash balances under the Treasury Management Strategy (appendix D, paragraphs 8.2 to 8.6):
 - Change the minimum acceptable Long-Term credit rating for banks and other financial institutions from "A" to "A-" (appendix D, paragraph 8.2);
 - Change the minimum acceptable sovereign credit rating for approved counterparties from "AAA" to "AA+" (appendix D, paragraph 8.5);

- Add an overall limit of £250m for outstanding lending to local authorities as a whole at any given time (appendix D, paragraph 8.6).
- A suitable arrangement will be put in place to highlight for Finance Committee the usage of the financial institutions and counterparties with the lower credit ratings.

Chamberlain's Assessment

- Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves and contingencies (paragraphs 64-67 and appendices B and G respectively).

Main Report

Background

1. This report sets out the revenue and capital budgets for City Fund for the Court of Common Council to approve. The effects of COVID-19 have had a wide-ranging impact on the economy, including income losses from the closure of many services and facilities, and losses from rental income. With another national lockdown, delays in the economic recovery continue to be a significant risk for further income losses in 2021/22.
2. In setting the budget for 2021/22 and the Medium-Term Financial Strategy (MTFS) for future years, consideration has been given to the high degree of uncertainty, and therefore risk, in determining Local Government funding levels.
3. The Government recently confirmed the Local Government Finance Settlement for 2021/22 and the Policing Minister published the revenue allocations for Police forces for 2021/22.
4. Revenue streams are likely to be under considerable pressure as the Government intends to change current funding mechanisms to reflect an increased emphasis on need, and to reset the current business rates retention system:
 - a. **The funding settlement (one year only)** - this year's settlement is again only a one-year deal; there remains a great deal of uncertainty regarding Local Government funding after March 2022.
 - b. The **Fair Funding Review** of local government funding is likely to shift resources away from London.
 - c. **Business Rates** – danger from a reset which would remove the City's recent growth receipts (forecast at £27m) in 2022/23. We are exploring with other affected London Boroughs whether a case can be made to the Ministry of Housing, Communities & Local Government for transitional relief.
5. The forecast includes the revenue impact from funding £65.1m of second tier projects from capital reserves, with capital receipts reserves standing at £80m by 2024/25.

6. The forecasts also assume all approved Fundamental Review proposals are achieved.
7. Although the City Fund is forecast to be in surplus by £4m in 2021/22, it can only be balanced, over the next four years, with the use of general fund reserves. Despite the savings planned to date through the Fundamental Review and in line with the 12%; overall, City Fund faces substantial growing annual deficits over the planning period and the 10-year horizon.
8. Over the next year we will focus on making operational efficiencies through a new target operating model (TOM), as well as improving how we prioritise our resources to ensure:
 - That we are spending on key priorities; and
 - That our plans are sustainable in the medium-term.
9. There are three options to close the medium-term deficits, or more realistically, a combination of the three:
 - Further savings; and/or
 - Revenue raising through taxation i.e. increases in Council Tax and Business Rate Premium; and
 - Consideration of the financing strategy for the major projects, focusing on requirements from the investment portfolio.

Measures to the 2021/22 budget

10. The aim of the 2021/22 budget round is to set us on the flightpath to achieving a sustainable budget over the medium-term. With the continuation of financial challenges, a general budgetary reduction of 12% has been applied in 2021/22, (or 6% in case of social care and children's services) - continuing to protect the most vulnerable services. 12% savings have been applied to all grant budget heads over £100k except for where there are co-funding arrangements (e.g. the Museum of London), or where there are growth pressures (e.g. the Academies where pupil numbers are expected to rise).
11. At its December meeting, your Resource Allocation Sub Committee approved the budget envelopes that service committees will use to deliver their services in 2021/22. It is intended that business planning will address how service committees intend to focus their resources to achieve key outcomes in-year. Work will continue to identify further savings that can underpin medium-term plans for 2022/23 and beyond.
12. Chief Officers will now look at how any changes in services can be achieved. This will follow our normal policies and procedures in relation to reorganisations and restructurings. This will include consultation with staff and the Trade Unions on any proposals which may affect staff. Therefore, whilst the departmental budget "envelope" has now been set for departments, how these will actually be achieved is subject to consultation and the usual Committee approvals.
13. We have not yet identified savings that meet the full extent of the financial gap in the medium-term. However, for City Fund (our local authority fund), the

Government has pushed back its reform of Business Rates to 2022/23. This means that we have an extra year of retained Business Rates income, albeit at a reduced level from the impact from COVID, before the regime is changed.

14. One of the key risks from COVID, namely, the impact to our income streams, will continue into 2021/22, especially for rental income for the investment property portfolio; further support is likely to be required from reserves. Detailed stress testing and scenario analysis has been carried out on key income assumptions for all funds, and more sophisticated funds modelling has enabled a holistic assessment of overall financial health, including ability of net assets and reserve balances to meet risks of potential funding shortfalls. We should nonetheless continue to monitor COVID income risk during 2021/22.
15. Tough decisions have been required but Members have worked together to:
 - Mitigate impact on vital front-line services in social care, rough sleeping, and support to our academies.
 - Finance the Climate Action Strategy within the MTFP; and
 - Re-prioritise existing resources to accommodate bids for resources relating to policy initiatives, e.g. culture mile.
16. The budget structure will need to be translated into the new TOM in the new financial year.
17. Delivering the 2021/22 budget will enable us to push ahead on reshaping the City Corporation, through the TOM, so we are better able to respond in a more agile and flexible way to the challenges ahead. Key follow up themes for 2022/23 include:
 - The need to move from tactical COVID response to service transformation; building on the collaboration from the bi-lateral approach to identify flightpath savings.
 - Scope for further restructuring, removal of duplication as part of the TOM review, and scope for introduction of greater pay flexibilities.
 - The need for a fuller grants review.

Latest forecast position

18. City Fund is balanced, taking one year with the next over the five-year period. However, there are significant risks and a great deal of uncertainty. The Medium-Term financial position is shown in the table below:

Table 1

Surplus/(Deficit)	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
City Fund*	32.9	(0.1)	(16.6)	(17.3)	(17.1)
Fundamental Review savings		0.9	4.7	9.3	11.8
12% savings		7.0	7.0	7.0	7.0
Social Care Precept		0.2	0.2	0.2	0.2
City Fund forecast position	32.9	8.0	(4.7)	(0.8)	1.9
Contribution to Build Back Better Fund	0.0	(3.9)	(3.1)	(5.6)	(5.6)
City Fund Surplus/(Deficit)	32.9	4.1	(7.8)	(6.4)	(3.6)
General Reserves**	20.0	20.0	20.0	20.0	20.0
Major Project Financing Reserve***	81.7	74.4	64.9	57.4	50.9

* After major projects financing

**General fund reserve maintained at minimal prudent amount for working capital.

*** Major project financing reserve, holding back £30m reserves under major project financing for COVID mitigation measures

19. 2021/22, is forecasting a small surplus, largely due to an additional year of business rates retention income (albeit at a much-reduced level to previous years). Key points to note include:

- Significant COVID impact on the Barbican Centre, which will need continuing support for lost income as it puts in place a sustainable medium-term plan (£7m is currently included, but more funding is likely to be needed if there is an extended lockdown. Government support (which is yet to be confirmed) may partially offset this;
- Mitigated limited number of service areas (e.g. Social Care saving at 6%) and rephased fundamental review savings delayed by work on TOM or by COVID impact;
- Significant risk on major income streams from business rates and rents. If a more pessimistic view is taken on retained business rates income, it removes the £27m growth, which will push City Fund into an estimated £19m deficit in 2021/22. Alongside potential impact of a more pessimistic rents position, we recommend holding back £30m of reserves in mitigation; and
- For the medium-term, (assuming approval) the funding of the Court's element of the Fleet Street project from City's Cash, will help to manage pressures across funds, and create headroom should major refurbishment of operational property be required.

20. **The Police** have committed to balancing the books in 2021/22, and to achieving the 12% saving on Corporation funding to the Force. The Police Settlement included an additional increase in the precept grant. The Police budget forecast shows deficits across the period, but the Force has committed to closing the gap - so no provision has been made within City Fund for Police deficits.
21. Extra business rates income, combined with 12% budget reductions, efficiencies through the target operating model, and additional interest on cash balances, has allowed cost pressures to be accommodated whilst still leaving the fund in surplus for 2020/21 and 2021/22. The fund is forecast, however, to move into deficit, from 2022/23 onwards due to the inclusion of financing costs for the Museum of London Relocation Project and Police Accommodation in the Salisbury Square Project.
22. Major Projects funding: For the medium term, we recommend funding the Court element of the Salisbury Square project is derived from City's Cash to help manage pressures across funds, in particular to reduce potential property disposal requirements over the long-term from £0.5bn to £0.3bn (representing one fifth of the property portfolio).
23. The 10-year financing strategy for major projects is being recast and financing requirements will be reported to your Finance Committee in April to consider the financing options. The intention is for your Investment Committee to advise your Resource Allocation Sub Committee on how best to draw down from the investment portfolios.
24. Council Tax: The Council Tax for the current year, 2020/21, is £927.25, expressed at band D and excluding the GLA precept of £79.94. Given the pressures to City Fund, Members will wish to consider council tax increases. Local authorities are permitted to levy a social care precept of 3% to address funding pressures and this has been modelled in the 2021/22 budget. Local Authorities are permitted a further uplift of Council Tax by 1.99% within the referendum threshold. In this context, Members may wish to consider:
- There is not a pressing financial need to uplift Council Tax in 2021/22.

However,

- Current intelligence suggests that most authorities, including those at the lowest end of the Council Tax league table, are considering increases of up to 4.99%, including the social care precept. There is a risk that the Corporation will stand out if it does not increase and will move closer to the bottom of the table.
 - There is a cumulative benefit in the medium-term.
 - It could reduce any penalisation in the Fair Funding Review, where an implied council tax level might be assumed (above our current level) which could result in a loss of funding.
 - Those on lowest incomes will be eligible for council tax relief (Council Tax Reduction Scheme).
25. The City has seen increasing cost pressures in social care and tackling homelessness, and social care has been protected from the full impact of the 12%

reductions. **The recommendation is, therefore, to levy an Adult Social Care precept of 3%.**

26. The Adult Social Care precept of 3% would generate around £200k. An increase of 1.99% in council tax, would generate around £150k. For comparative purposes, Westminster band D excluding GLA precept is currently £448.21 (£780.28 including the GLA precept); Wandsworth, £461.49 (£793.56 including the GLA precept); and Hammersmith and Fulham £792.42 (£1124.49 including the GLA precept).
27. The steer from your Resource Allocation Sub Committee **was to otherwise freeze council tax**. In making this decision, Members may wish to consider the points in paragraph 24 above.
28. Given the impact of COVID on City businesses, **an increase in the Business Rates Premium is not being recommended in 2021/22.**
29. The premium on City businesses was increased in 2020/21, from 0.6p to 0.8p in the £ which, while not formally hypothecated to policing, supported the funding of an uplift of 67 priority policing roles at a cost of £5.4m.

A strategic response to continuing challenges

30. This report recommends measures to stabilise the position in 2021/22 and that will support the steps that will need to be taken over the medium-term, through
- Further work on identifying flightpath savings, building on collaboration through the bi-lateral approach;
 - Moving from a tactical response to COVID to service transformation;
 - A more in-depth review of non-CBT grant giving; as well as
 - Containing the cost of major projects and other programmes.
31. Further work to explore cost options should also provide mitigation for the substantial income generation risks. Members should note that your Investment Committee intend to set up a Working Group to consider and report back to your Resource Allocation Sub Committee on how best to:
- a. Address changing requirements for potential draw-down and re-balancing of asset portfolios; and
 - b. Risk exposure in particular asset classes, with consequent impact on investment strategy, e.g. diversification of property portfolio from office space
32. In addition, there is a need to make sure the position does not get worse by reinforcing the cap on the major projects and securing third party capital where possible.

Key assumptions used in the forecast

33. The following paragraphs detail the key assumptions that have been used in the construction of the 2021/22 budget and Medium-Term Financial Strategy:

Income

34. The City Fund has two key income streams, rental and investment income. Detailed stress testing and scenario analysis has been carried out on key income assumptions for all funds and more sophisticated funds modelling has enabled a holistic assessment of overall financial health, including ability of net assets and reserve balances to meet risks of potential funding shortfalls.

- Property rental income is forecast on the expected rental income for each property, allowing for anticipated vacancy levels, expiry of leases and lease renewals. Throughout 2020/21, the effect of COVID-19 has had a wide-ranging impact on the economy; this has included income losses from rental income from our property investment portfolio. With another national lockdown, delays to economic recovery continues and further losses on income are expected to continue into 2021/22. It should be noted, a further reduction in rental income is anticipated in later years as a consequence of the planned disposal of properties to fund the major projects. Outside these changes the City's rental income is protected to some extent in the short-term, as our leases are long-term with medium-term specified break clauses. Forecast rental income is regularly reviewed and any potential reduction will be factored into updates to the medium-term financial plan.
- Cash balances are invested in a diversified range of money market and fixed income instruments in accordance with the Treasury Management Strategy, with the aim of providing a yield once security and liquidity requirements have been satisfied. The forecast for treasury management income takes account of the likely path of short-term interest rates (chiefly, the Bank of England base rate) over the upcoming financial year. The Bank Rate is unlikely to rise from 0.10% for a considerable period given underlying economic expectations. In these circumstances it is likely that investment earnings from money market-related instruments will be below 0.50% for the foreseeable future. The actual path of short-term interest rates is likely to depend on (amongst other things) how the pandemic develops and the efficacy of vaccination programmes, as well as the pace and trajectory of an economic recovery. A change of +/-0.25% to the base rate is expected to translate to approximately £1.6m additional/less income for City Fund per year, based on current cash balances. Interest income is monitored throughout the year and any potential change to the forecast will be reported through updates to the medium-term financial plan.

Expenditure

35. The starting point for the 2021/22 budget is 'flat cash' from the previous resource allocation in 2020/21, with provision made for the pay award agreed by the December Establishment Committee. The Spending Review announcement on 25 November confirmed that there will not be a significant uplift in government funding and the Chancellor announced a public sector pay freeze for most workers. The reduction in CPI inflation should ease the pressure of living with flat cash budgets, from which the 12% savings will need to be achieved.

36. Your Policy and Resources Committee and Finance Committee have messaged clearly that cost pressures should be managed within existing resources (applying

the 12% reduction). No new initiatives are permitted into the member arena without an identified funding source. Requests for funding are therefore being accommodated through re-prioritisation of existing resources. The Climate Action Strategy, Culture Mile, and training requests from the Tackling Racism Taskforce have all been accommodated through re-prioritisation.

37. Also underlines the need for additional unfunded revenue bids to be avoided during 2021/22.

Grant settlement – City Fund

34. The provisional local authority grant settlement was received before Christmas and confirmed in February. This funding settlement is for one year only following the conclusion of the previous four-year Spending Review period (2016/17 - 2019/20 and subsequent one-year settlement in 2020/21). As this is a one-year settlement, there is a great deal of uncertainty regarding Local Government funding after March 2022.

Business Rates Retention

35. A further one-year delay on the business rates reset enables the Corporation to continue to benefit from the expansion in office space. This growth in business rates income over the past six years has provided headroom in order for us to fund investment in one-off projects, including, the Museum of London relocation project; the Salisbury Square project; the backlog of outstanding repair works for City Fund operational properties; and more recently, to mitigate the losses caused by COVID-19. However, the growth is vulnerable to bad debts and appeals; particularly so for the London Business Rates Pool, where a collective decision to end the pilot has been taken.
36. The Government has announced additional support for business rate losses in 2020/21 in the form of a 75% compensation scheme for irrecoverable tax losses resulting from COVID-19. The Spending Review confirmed the business rates holiday for Retail, Hospitality and Leisure businesses would end in March 2021. If the current relief scheme is not extended, there could be significant reductions in business rates collected from businesses in these sectors.

City Police

37. Major deficits in the Police Medium-Term Financial Plan have, over the last two years, been significantly reduced through a combination of Police savings plans and additional Business Rate Premium funding. However, deficits continue to exist across the medium-term, particularly linked to an assumption that future funding will not be inflation-linked, and work continues to focus on mitigation strategies.

Revenue Spending Proposals 2021/22

38. The overall budget requirements have been prepared in accordance with the strategy and the requirements for 2020/21 and 2021/22 are summarised by Committee in the table below. Explanations for significant variations were contained in the budget reports submitted to service committees.

Table 2: City Fund Summary Budget

City Fund Summary by Committee	2020/21 Original £m	2020/21 Latest £m	2021/22 Original £m
Net Expenditure (Income)			
Barbican Centre	(28.8)	(39.2)	(37.3)
Barbican Residential	(2.6)	(3.1)	(2.4)
Community and Children's Services	(13.7)	(15.7)	(14.2)
Culture Heritage and Libraries	(21.8)	(21.3)	(19.7)
Finance	7.4	2.2	2.2
Licensing	(0.1)	(0.3)	(0.1)
Markets	0.7	0.5	0.7
Open Spaces	(1.7)	(1.7)	(1.7)
Police (3)	(15.5)	(16.2)	(14.4)
Planning and Transportation	(84.9)	(84.9)	(85.1)
Policy and Resources	(5.0)	(6.1)	(4.2)
Port Health and Environmental Services	(17.2)	(17.3)	(14.7)
Property Investment Board	45.4	39.3	37.3
City Fund Requirement	(137.8)	(163.8)	(153.6)

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

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

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

Table 3: City Fund net budget requirement and financing

		2020/21 Original £m	2020/21 Latest £m	2021/22 Original £m
1	Net expenditure on services	(183.2)	(203.3)	(188.1)
2	Capital Expenditure funded from Revenue Reserves	(1.8)	(1.2)	(0.3)
3	Cyclical Works Programme expenditure financed from revenue	(13.5)	(12.6)	(11.0)
4	Requirement before investment income from the City's Assets	(198.5)	(217.1)	(199.4)
5	Interest on balances	8.5	6.5	2.6
6	Estate rent income	52.2	46.8	43.2
7	City Fund Requirement	(137.8)	(163.8)	(153.6)
	Financed by:			
8	Government formula grants	124.5	124.5	122.5
9	City offset	12.1	12.1	12.1
10	Council tax	8.7	8.7	8.4
11	NNDR premium	15.5	20.5	18.6
12	Total Government Grants and Tax Revenues	160.8	165.8	161.6
13	Deficit/(Surplus)transferred from (to) reserves	23.0	2.0	8.0

Line 8 is shown in further detail below:

Table 4: Analysis of Core Government Grants

	2020/21 Original £	2021/22 Draft £	Variance £m	Variance %
Rates Retention: baseline funding	16.7	16.7	0.0	0%
Rates Retention: growth	43	35.6	(7.4)	-17%
Subtotal:	59.7	52.3	(7.4)	-17%
Police	64.8	70.2	5.4	8%
Total Core Government Grants	124.5	122.5	(2.0)	-9%

40. The City Fund budget requirement for 2021/22 is £153.6m plus a contribution to reserves of £8.0m resulting in a net City Fund budget requirement of £161.6m, an increase of £0.8m on the previous year. The following table shows how this is financed and the resulting Council Tax requirement. Appendix A details the consequent determination of council tax by property band.

Table 5: Council Tax requirement

Council Tax Requirement	2020/21 Original £m	2021/22 Draft £m
Net Expenditure	(198.5)	(199.4)
Estate Rental Income	52.2	43.2
Interest on balances	8.5	2.6
Budget Requirement	(137.8)	(153.6)
Proposed contribution to reserves	(23.0)	(8.0)
Net City Fund Budget Requirement	(160.8)	(161.6)
<u>Financing Sources:</u>		
Business Rates Retention	59.6	52.3
Police Grant	64.9	70.2
City Offset	12.1	12.1
NDR Premium	15.5	18.6
Collection Fund Surplus (CoL share)	1.1	0.6
Council Tax Requirement	(7.6)	(7.8)

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

Business Rates

42. The Secretary of State has proposed a National Non-Domestic Rate multiplier of 51.2p and a small business National Non-Domestic Rate multiplier of £49.9p for 2021/22. These multipliers remain at the 2020/21 levels as Government have opted not to apply the usual inflationary increase. The actual amount payable by each business will depend upon its rateable value.

43. If the proposed Business Rate Premium remains 0.8p in the £, the proposed premium will result in a National Non-Domestic Rate multiplier of 52.0p and a small business National Non-Domestic Rate multiplier of 50.7p for the City for 2021/22.

44. As in previous years, authority is sought for the Chamberlain to award the following discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988:

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

45. It is unclear if Government will announce a Retail Relief scheme for 2021/22. Clarification on a future scheme is not expected to be made until the Budget announcements on 3rd March 2021.

46. The current expanded Retail and Leisure relief scheme was increased to 100% as a result of the Covid-19 Pandemic. The expanded relief is claimed by 1,813 retail and leisure properties in the City. The cost of these reliefs is met in full through a government grant so there is no cost to the City Premium.

Business Rates Supplement

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

Council Tax - Long-Term Property Premiums

48. For council tax purposes a property is defined as empty if it is unoccupied and substantially unfurnished. Property that is furnished is treated as a second home.
49. The empty property premium was introduced in 2013/14 to encourage landlords to bring long-term empty property back into use. The City introduced the long-term empty premium for the first time in 2019/20, with a premium increase of 100% and it is estimated that this has resulted in additional income of approximately £200,000.
50. In 2021/22 properties that have been empty over 5 years can be charged a higher premium of up to 200% and we estimate this could raise around £7,000. Properties empty over 10 years can now be charged a premium of 300%. The report recommends that the premium is increased to 300% for properties that remain empty for more than ten years. The City currently has 7 properties that would fall into this category and it is estimated that this would result in additional income of approximately £13,500.

Council Tax Reduction Scheme

51. In 2013/14, the Government introduced a locally determined Council Tax Reduction Scheme. This replaced the national Council Tax Benefit scheme and assisted people on low incomes with their council tax bills. There are no proposals to make any specific amendments to the Council Tax Reduction Scheme for this or future years, beyond keeping the scheme in line with the national Housing Benefit regulations.
52. The Council Tax Reduction Scheme will therefore remain the same for 2021/22, as was administered in previous years, subject to the annual uprating of amounts in line with Housing Benefit applicable amounts.

Capital

53. The City Corporation has a significant programme of works to the operational property estate (including residential) and highways infrastructure, together with significant expenditure on the major projects. Spending on these types of activity is classified as capital expenditure.
54. Capital expenditure is primarily financed from capital reserves derived from the sale of properties, earmarked reserves and grants or reimbursements from third parties. The City has historically not borrowed any money to finance these schemes, although some borrowing in future years is now anticipated for the major projects. Financing is summarised in the table below.

Table 6: Capital Financing

	2020/21 £m	2021/22 £m
Estimated Capital Expenditure	123.9	245.1
<u>Financing Sources:</u>		
Housing Revenue Account (HRA)	6.2	3.1
Disposal Proceeds	50.7	126.5
Earmarked and General Revenue Reserves	18.4	40.4
External Grants and Reimbursements	48.6	75.1
External borrowing	-	-
Total:	123.9	245.1

55. The main areas of capital expenditure in 2021/22 are as follows:

- Major Projects – Museum of London (£47.6m)
- Major Projects – Salisbury Square (£32.3m)
- Housing Revenue Account – decent homes* (£29.4m)
- Housing Revenue Account – new build (£35.7m)
- Highways and Transport (£23.0m)
- Investment Property Refurbishments (£9.6m)
- New Bids – Climate Action (£8.4m) and Other (£22.1m)

*includes loan facility of £19.2m

56. In order to ensure capital expenditure is aligned to key priorities, your Resource Allocation Sub Committee has carried out a robust review of all service's annual capital bids and prioritised funding approval. The Resource Allocation Sub Committee has granted approval in principle to central funding for a number of new bids, with a total estimated cost of £65.1m, of which £30.5m is expected to fall within 2021/22. In addition, approval in principle was granted to provide central funding for internal loans for the Police and HRA capital spending plans, which amount to £4.9m and £19.2m respectively in 2021/22. Allowance has been made in the City Fund MTFP for all of these items to demonstrate affordability; financial provision will need to be included within the City Fund revenue and capital budgets as appropriate as part of the 2021/22 budget setting process.

57. City of London Police need to prioritise investment in their capital programme and the resourcing of new activities. New arrangements for financing the Capital Programme were introduced in 2020/21, with capital expenditure (excluding Secure City and the Police Accommodation programme) being funded through a loan arrangement between the City Corporation and the Force, with an annual borrowing cap of £5m. The Police repay this loan with interest.

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

- Ratio of financing costs to net revenue stream (City Fund and HRA)
- Gross debt and the capital financing requirement
- Estimates of capital expenditure 2021/22 to 2023/24
- Estimates of the capital financing requirement 2021/22 to 2023/24
- Times cover on Unencumbered Revenue Reserves.

59. The prudential indicators listed above have been calculated in appendix C. In addition, treasury-related prudential indicators are required to be set, and these are included within the 'Treasury Management Strategy Statement and Investment Strategy Statement 2021/22' at Appendix E.

60. The Court of Common Council needs to formally approve these indicators.

61. Local authority borrowing is permitted for capital purposes within the current capital control regime, but the cost of borrowing must be charged to the relevant revenue budget, including interest and a statutory provision for repayment of principal known as the Minimum Revenue Provision (MRP). The MRP Policy Statement 2021/22 is set out in appendix 2 within the Treasury Management Strategy Statement and Investment Statement 2021/22 at appendix D. The typically long-term nature of borrowing means these revenue sums are unavailable to fund other activity for a significant period of time. By agreeing to fund capital schemes through borrowing, Members are agreeing to divert this funding away from other revenue activity in order to deliver the major projects. Borrowing can either be internal (use of internal cash balances) or external (third party loan finance).

62. Funding for the major projects is currently planned to come from external contributions, retained rates growth monies, and property disposal proceeds, rather than external loans from third parties. However, there is an interim requirement for internal borrowing utilising City Fund general cash balances – effectively a bridging facility pending receipts from disposal of investment properties. Such short-term internal borrowing does not require an MRP to be made.

63. In addition, the funding of some other capital schemes is being met from cash received from long lease premiums which are deferred in accordance with accounting standards - this also counts as internal borrowing. To ensure that this cash is not 'used again' when the deferred income is released to revenue, the City Corporation will make a MRP equal to the amount released, resulting in an overall neutral impact on the revenue account bottom line.

Robustness of Estimates and Adequacy of Reserves and Contingencies

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

65. In coming to a conclusion on the robustness of estimates, the Chamberlain needs to assess the risk of over or under spending the budget. To fulfil this requirement the following comments are made:

- provision has been made for all known liabilities, together with indicative costs (where identified) of capital schemes yet to be evaluated, but continue to monitor COVID income risk during 2021/22 and maintain a COVID contingency fund, not releasing £30m of general fund reserves for major project spend;
- the estimates and financial forecast have been prepared at this stage on the basis of the Corporation remaining debt free until such time as external borrowing may be needed to bridge the gap for major capital projects (the Museum of London relocation and the Combined Courts project);
- prudent assessments have been made regarding key assumptions;
- an annual capital bids process is in place seeking to ensure that capital expenditure is contained within affordable limits and that it can be demonstrated that each project is of the highest corporate priority;
- although the City Fund financial position is vulnerable to COVID income losses, rent levels and interest rates, it should be noted that:
 - the City Surveyor has carried out an in-depth review of rent incomes; and
 - the assumed interest rate remains low across the planning period;
- a strong track record in achieving budgets gives confidence on the robustness of estimates; and
- balancing 2021/22 with 'one-off' measures will give more time to implement the new Target Operating Model, enabling the creation of a build back better fund to deliver against our ambitions and financial objectives.

66. An analysis of usable City Fund Reserves is set out in Appendix C. Depletion of City Fund reserves is a consideration for the medium-term: although reserve balances are forecast to remain healthy in 2021/22, the potential call on reserves to support revenue and capital expenditure beyond 2021/22 reinforces the need for future savings and income generation.

67. In assessing the adequacy of contingency funds, the Chamberlain has reviewed the allocation and expenditure of contingency funds over the past four years and concluded that the estimates are robust. This takes account of the Finance Committee contingencies, the Policy and Resources Committee contingency and the Policy Initiatives Fund. In each of the past four years the provision of funds has been more than sufficient, resulting in an uncommitted balance for each contingency fund in each year. On this basis the existing contingency provision will remain unchanged for 2021/22. A full analysis of contingency fund provision and expenditure is provided in Appendix I.

Risks- Summary

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

Within the City Corporation's control:

- Delivery of the 12% savings programme and income schemes under the Fundamental Review;
- Achievement of Police savings targets needed to mitigate the Force deficit; and Action Fraud overspending and changes in cash flow requirement; and
- Major projects not being delivered within estimated costs.

Outside the City Corporation's control:

- The effect of the COVID-19 has had a wide-ranging impact on the economy, including income losses from the closure of many services and facilities, and losses from rental income. With another national lockdown, foreseeable delays in the economic recovery continue to be a significant risk for further income losses in 2021/22;
- Business Rates income - volatility around the growth forecasts and appeals, dependent on full occupation of new builds; and
- Fair Funding Review which could affect government support to fund services.

Equalities Implications

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

Conclusion

70. There has been a significant effort across the Corporation family to commit to delivering on 12% savings required to get us to a balanced 2021/22 budget and on track for sustainable MTFP. But this is only the 'end of the beginning'; there is a big task still ahead to secure future savings ('flightpath') and to manage the significant remaining COVID risks and unprecedented range of external challenges e.g. Spending Review, Business Rates and Brexit implications.

71. There are risks to the achievement of the 2021/22 budget position and MTFP, in particular, income volatility from COVID, and tough decisions have been required. However, Members have worked together to mitigate the impact on vital front-line services in social care, rough sleeping, and support to our academies.

72. Delivering the 2021/22 budget enables us to push ahead on reshaping the City Corporation, through the TOM, to enable us to respond in a more agile and flexible way to the challenges ahead

73. The Court is, therefore, asked to approve the recommendations set out at the start of this report.

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

DATED this 16th day of February 2021.

SIGNED on behalf of the Committee.

Jeremy Paul Mayhew
Chairman, Finance Committee

Appendices

- Appendix A – Calculating Council Tax
- Appendix B – City Fund Useable Reserves
- Appendix C – Prudential Indicators
- Appendix D – Treasury Management Strategy Statement and Investment Strategy Statement 2021/22
- Appendix E – Capital Strategy
- Appendix F – City Fund Budget Policy
- Appendix G – Review of contingency funds
- Appendix H – Resolution by the Court of Common Council

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Calculating Council Tax

Appendix A

Determination of the Council Tax Requirement

- The 1992 Act prescribes detailed calculations that the City, as billing authority, has to make to determine Council Tax amounts. The four steps are shown in below. Although the process is somewhat laborious, it is a legislative requirement that these separate amounts be formally determined by resolutions of the Court of Common Council.
- After allowing for a proposed contribution to reserves, the final City Fund Council Tax requirement for 2021/22 is £7.8m. In accordance with the provisions in the Localism Act 2011, the Council Tax requirement allows for the Formula Grant, the City Offset, the City's Rate Premium and the estimated surplus on the Collection Fund at 31 March 2021.
- As detailed in Appendix A, the City's proposed Council Tax for 2021/22 at band D would be £952.91, before adding the Greater London Authority (GLA) precept and inclusive of a 3% increase for the Adult Social Care precept. To determine the City's Council Tax for each property band, nationally fixed proportions are applied to the average band D property.
- The GLA's 'provisional' precept for 2021/22 is £96.53 for a Band D property. This excludes the Metropolitan Police requirement and represents an increase of £16.59p compared with 2020/21.
- The total amounts of Council Tax for each category must be set by the City before 11 March. The proposed amounts are shown below.

Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.								
	£							
	A	B	C	D	E	F	G	H
Proportion	6	7	8	9	11	13	15	18
CoL	635.27	741.15	847.03	952.91	1164.67	1376.43	1588.18	1905.82
GLA	64.35	75.08	85.80	96.53	117.98	139.43	160.88	193.06
Total	699.62	816.23	932.83	1049.44	1282.65	1515.86	1749.06	2098.88

- It is anticipated that the City's total Council Tax will remain one of the lowest in London. The Court of Common Council will be requested to formally determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2021/22 will not be excessive in relation to the new referendum requirements for any council tax increases.

Temple Precepts

	2020/21	2021/22
	£	£
Inner Temple	223,634	221,448
Middle Temple	160,559	158,481
Total:	384,193	379,929

Calculation of Council Tax

Step One ('B1')

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

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

Where

'B1' is the Basic Amount 'One':

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

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

The above calculation is as follows:

$$'B1' = \frac{\pounds 7,784,931.65}{8,169.64}$$

$$'B1' = \pounds 952.91$$

Note: Item R consists of the following components:

	£	£
City Fund Net Budget Requirement		161,559,574
Less:		
Business Rates Retention	(52,290,000)	
Police Grant	(70,174,385)	
City's Offset	(12,064,000)	
Estimated Non-Domestic Rate Premium (Net)	(18,600,000)	
Estimated Collection Fund Surplus as at 31 March 2021 (City's share)	(646,257)	(153,774,642)
TOTAL COUNCIL TAX REQUIREMENT ®		7,784,932

Step Two ('B2')

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

$$'B2' = 'B1' - A$$

T

Where:

'B2' is the Basic Amount 'Two';

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

A is the Aggregate of all special items;

T is the Council Tax base for the whole area

The above calculation is as follows:

$$'B2' = \frac{\pounds 952.91 - \pounds 21,186,928.70}{8,169.64}$$

$$'B2' = \pounds 1,640.46 \text{ CR}$$

Note: Item A consists of the following components:

	£	£
Highways Net Expenditure	9,049,000.00	
Street Cleansing	6,924,000.00	
Waste Collection	2,569,000.00	
Waste Disposal	1,335,000.00	
Road Safety	414,000.00	
Drains and Sewers	516,000.00	
Total City's Special Expenses		20,807,000.00
Inner Temple's Precept	221,447.86	
Middle Temple's Precept	158,480.84	379,928.70
Total Special Items		21,186,928.70

Step Three 'B3'

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

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

Where:

'B3' is the Basic Amount 'Three'

'B2' is the Basic Amount 'Two'

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

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

City Area Excluding the Temples

$$\text{'B3'} = \text{£1,640.46 CR} + \frac{\text{£20,807,000}}{8,023.14}$$

$$\text{'B3'} = \text{£952.91}$$

Inner Temple

$$\text{'B3'} = \text{£1,640.46 CR} + \frac{\text{£221,447.86}}{85.39}$$

$$\text{'B3'} = \text{£952.91}$$

Middle Temple

$$\text{'B3'} = \text{£1,640.46 CR} + \frac{\text{£158,480.84}}{61.11}$$

$$\text{'B3'} = \text{£952.91}$$

Step Four

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

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

A is the Basic Amount 'Three' ('B3') calculated for each part of its area;

N is the proportion applicable to dwellings listed in the particular valuation Band for which the calculation is being made;

D is the proportion applicable to dwellings listed in valuation Band D.

Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.

	£							
	A	B	C	D	E	F	G	H
Proportion	6	7	8	9	11	13	15	18
CoL	635.27	741.15	847.03	952.91	1164.67	1376.43	1588.18	1905.82
GLA	64.35	75.08	85.80	96.53	117.98	139.43	160.88	193.06
Total	699.62	816.23	932.83	1049.44	1282.65	1515.86	1749.06	2098.88

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Reserves

Forecast Movements in City Fund Usable Reserves 2021/22				
	Notes	Estimated Opening Balance 1 Apr 2021 £m	Forecast Net Movement in Year £m	Estimated Closing Balance 31 Mar 2022 £m
Revenue Usable Reserves				
General Reserve	a	20.0	-	20.0
Earmarked				
Major Projects Financing Reserve	b	94.3	(13.8)	80.5
Police Future Expenditure	c	0.0	-	0.0
Highways Improvements	d	30.0	8.2	38.2
VAT Reserve	e	4.2	-	4.2
Proceeds of Crime Act	f	0.0	-	0.0
Judges Pensions	g	1.1	-	1.1
Public Health	h	0.8	-	0.8
Renewals and Repairs	i	0.5	-	0.4
Service Projects	j	5.5	-	10.2
Total Revenue Earmarked		156.4	(5.6)	150.8
Housing Revenue Account (HRA)	k	(0.4)	(0.1)	(0.5)
Total Revenue Usable Reserves		156.0	(5.7)	150.3
Capital Usable Reserves				
Capital Receipts Reserve	l	102.4	(29.0)	73.4
Capital Grants Unapplied	m	20.7	(14.1)	6.6
HRA Major Repairs Reserve	k	0.2	0.0	0.2
Total Capital Usable Reserves		123.3	(43.1)	80.2
Total Usable Reserves		279.3	(48.8)	230.5

Notes

- a. General Reserve – The accumulated balance from annual surpluses or deficits on the City Fund Revenue Account less any transfers to, or plus any transfers from, earmarked reserves.
- b. Major Projects Financing Reserve – This reserve will contain the balance of the general reserve above £20m to fund investment in major projects, either as a direct revenue contribution or to generate income to fund revenue costs.
- c. Police Reserve - Revenue expenditure for the City Police service is cash limited. Underspends against this limit may be carried forward as a reserve to the following financial year and overspends are required to be met from this reserve.
- d. Highway Improvements - Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by

section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.

- e. VAT Reserve – Should the City Corporation no longer be able to recover VAT incurred on exempt services as a result of exceeding the 5% partial exemption threshold, this reserve will be the first call for meeting the associated costs.
- f. Proceeds of Crime Act – Cash forfeiture sums awarded to the City. Under the guidelines of the scheme, the funds must be ringfenced for crime reduction initiatives.
- g. Judges Pensions - Sums set aside to assist with the City of London's share of liabilities.
- h. Public Health - established from ring-fenced grant allocations. The grant must be used on activities whose main or primary purpose is to improve the public health of local populations.
- i. Renewals and Repairs – Sums obtained on the surrender of headleases and set aside to fund cyclical maintenance and repair works to the property and void costs.
- j. A number of reserves for service specific projects and activities where the balance on each individual reserve is less than £0.5m have been aggregated under this generic heading.
- k. These reserves are ringfenced by statute to the Housing Revenue Account.
- l. The capital receipts reserve will be exhausted due to the City's commitment to Major projects over the life of the MTFP, subject to further receipts being received.
- m. Capital grants and contributions received for specific purposes. This includes receipts from the City's Community Infrastructure Levy.

PRUDENTIAL INDICATORS

The following Prudential Indicators (and those included in Appendix (E) have been calculated in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities. In addition, a local indicator has been calculated to reflect the City's particular circumstances. Those indicators relating to estimates for the financial years 2021/22, 2022/23 and 2023/24 (values shown in bold) are required to be set by the Court of Common Council as part of the budget setting process, and should be taken into account when considering the affordability, prudence and sustainability of capital investments.

Prudential Indicators for Affordability

Estimate of the ratio of financing costs to net revenue stream

Table 1

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Revised	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
HRA	0.71	0.29	0.26	0.24	0.24	0.30	0.35
Non-HRA	(0.40)	(0.49)	(0.46)	(0.30)	(0.27)	(0.30)	(0.32)
Total	(0.29)	(0.41)	(0.39)	(0.26)	(0.23)	(0.25)	(0.26)
<i>At this time last year</i>	(0.29)	(0.04)	(0.35)	(0.42)	(0.33)	(0.18)	-

This ratio is intended to represent the extent to which the net revenue consequences of capital financing and borrowing impact on the net revenue stream. Since the City Fund is currently a net lender in its Treasury operations and is in receipt of significant rental income from investment properties, the Non-HRA and Total ratios are usually negative. The fall in the Non-HRA ratios since 2019/20 reflects the reduction in investment income as a proportion of total revenue streams. The increase in HRA ratios from 2022/23 reflect the additional cost of internal borrowing to fund the HRA programme of capital works necessary to maintain the housing estates.

Prudential Indicator of Prudence

Gross Debt and the Capital Financing Requirement

Table 2

	Period 2020/21 to 2023/24
	£m
Gross External Debt	13.302
Capital Financing Requirement	299.071

To ensure that, over the medium term, borrowing will only be for capital purposes, this indicator demonstrates that gross external debt will not exceed the capital financing requirement over the

period 2020/21 to 2023/24. The current plans for funding of the capital programme, including the major projects, do not anticipate any new external borrowing.

Prudential Indicators for Capital Expenditure and External Debt

Estimate of Capital Expenditure

Table 3

	2017/18 Actual £m	2018/19 Actual £m	2019/20 Actual £m	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
HRA	6.974	10.854	10.867	30.874	65.125	32.398	0.000
Non-HRA	42.58	67.199	41.874	93.041	179.993	201.331	232.469
Total	49.549	78.053	52.741	123.915	245.118	233.729	232.469
<i>At this time last year</i>	<i>49.549</i>	<i>117.122</i>	<i>91.043</i>	<i>150.767</i>	<i>333.252</i>	<i>322.906</i>	-

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

Estimate of the Capital Financing Requirement

Table 4

	2017/18 Actual £m	2018/19 Actual £m	2019/20 Actual £m	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
HRA	0.000	0.000	0.000	0.000	19.227	29.746	28.211
Non-HRA	44.590	43.592	46.386	64.877	104.755	232.140	270.860
Total	44.590	43.592	46.386	64.877	123.982	261.886	299.071
<i>At this time last year</i>	<i>48.095</i>	<i>46.945</i>	<i>38.355</i>	<i>56.458</i>	<i>317.197</i>	<i>420.610</i>	-

The capital financing requirement (CFR) reflects the underlying need to borrow to finance capital expenditure and is calculated by identifying the shortfall in capital financing sources (e.g. capital receipts, grants, revenue reserves etc) to be applied. Borrowing can either be internal (use of internal cash balances) or external (third party loan finance).

Since 2016/17, the City Fund has been financing some capital expenditure from cash sums received from the sale of long leases, which are treated as deferred income in accordance with accounting standards. For the purposes of this indicator, such funding counts as 'internal borrowing'. In addition, from 2021/22 some of the major project expenditure will be funded from internal borrowing, using general City Fund cash balances on an interim basis pending the application of disposal proceeds from the sale of investment properties.

In accordance with the guidance contained in the Prudential Code, the 'Actual' indicators are calculated directly from the Balance Sheet, whilst the method of calculating the HRA and Non-HRA elements is prescribed under Statute.

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

Local Indicators

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

Times Cover on Unencumbered Revenue Reserves

Table 5

	2020/21	2021/22	2022/23	2023/24
Times cover on unencumbered revenue reserves	+35.4	+8.4	-13.1	-70.0
<i>At this time last year</i>	7.1	3.9	1.1	-

This indicator is calculated by dividing the balance of forecast unencumbered general reserves by annual revenue deficits(-)/surpluses(+). For 2020/21 and 2021/22 revenue surpluses are forecast, with annual deficits from 2022/23 as the benefits of business rates retained growth ends. The revenue position is forecast to be much improved by 2023/24 as savings from the fundamental review are fully realised and incomes improve, albeit partially offset by the impact of major project financing.

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TREASURY MANAGEMENT STRATEGY STATEMENT

AND

ANNUAL INVESTMENT STRATEGY

2021/22

Issue Date: 09/02/2021

Agreed by Court of Common Council: XX/XX/XXXX

Treasury Management Strategy Statement and Annual Investment Strategy 2021/22

1. Introduction

1.1. Background

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

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

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

1.2. The Treasury Management Policy Statement

The City defines its treasury management activities as:

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

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

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

1.3. CIPFA Requirements

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by the Court of Common Council (the Court) on 3 March 2010. The Code of Practice was revised in November 2017.

The primary requirements of the Code are as follows:

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

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

1.4. Treasury Management Strategy for 2021/22

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

and Medium-Term Financial Strategy, while Treasury Indicators are established in this report (Appendix 2).

The Act requires the Court of Common Council to set out its treasury strategy for borrowing (section 7 of this report) and to prepare an Annual Investment Strategy (section 8 of this report). The Investment Strategy sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2021/22 in respect of the required aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the City's treasury adviser, Link Asset Services, Treasury Solutions.

The strategy covers:

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy
- the current treasury position
- treasury indicators which limit the treasury risk and activities of the City
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

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

2. Capital Expenditure Plans and Prudential Indicators

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

The City's capital expenditure plans in respect of its local authority functions (the City Fund) are detailed in the 2021/22 Budget Report and Medium-Term Financial Strategy, which also contains the City's Prudential Indicators. The Prudential Indicators summarise the City Fund's annual capital expenditure and financing plans for the medium term.

2.1. Estimate of Capital Expenditure and Financing (City Fund)

Table 1	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Capital Expenditure:					
Non-HRA	41.9	93.0	180.0	201.3	232.5
HRA	10.8	30.9	65.1	32.4	-
Total	52.7	123.9	245.1	233.7	232.5
Financed by:					
Capital grants	17.0	48.6	75.1	52.9	38.5
Capital reserves	18.3	50.7	65.7	5.8	127.4
Revenue	17.4	24.6	43.5	35.4	27.6
Total	52.7	123.9	184.3	94.1	193.5
Net financing need:	-	-	60.8	139.6	39.0

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

2.2. Estimate of the Capital Financing Requirement (City Fund)

Table 2	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Non-HRA	45.3	64.9	104.8	232.1	270.9
HRA	0	0	19.2	29.8	28.2
Total	45.3	64.9	124.0	261.9	299.1

2.3. Minimum Revenue Provision (City Fund)

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The City's MRP Policy is detailed in Appendix 2.

2.4. City's Cash

As with the City Fund, any capital expenditure incurred by City's Cash which has not immediately been paid for through a revenue or capital resource, will increase the

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

2.5. City's Cash Borrowing

Table 3	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Borrowing	£250m	£250m	£450m	£450m	£450m

As with the MRP for the City Fund, borrowing for City's Cash will be reduced gradually over time through the application of a debt financing reserve as set out in the City's Cash Borrowing Policy Statement (Appendix 8).

3. Current Portfolio Position

The City's treasury portfolio position at 31 December 2020 comprised:

Treasury Portfolio				
	Actual	Actual	Current	Current
	31/03/20	31/03/20	31/12/20	31/12/20
Treasury investments	£m	%	£m	%
Banks	£475.5	47%	£460.0	44%
Building societies (rated)	£28.4	3%	£25.0	2%
Local authorities	£111.0	11%	£75.0	7%
Liquidity funds	£184.8	18%	£266.8	25%
Ultra-short dated bond funds	£65.0	6%	£85.0	8%
Short dated bond funds	£150.0	15%	£150.0	14%
Total treasury investments	£1,014.7	100%	£1,061.8	100%
Treasury external borrowing				
Long term market debt (City's Cash)	£250.0	100%	£250.0	100%
Total external borrowing	£250.0	100%	£250.0	100%

The overall weighted average rate of return on investments was 0.83% as at 31 December 2020 compared to 0.63% as at 31 March 2020.

4. Treasury Indicators for 2021/22 – 2023/24

Treasury Indicators (as set out in Appendix 2) are relevant for the purposes of setting an integrated treasury management strategy.

5. Prospects for Interest Rates

The City of London has appointed Link Asset Services (Link) as its treasury advisor and part of their service is to assist the City to formulate a view on interest rates. Appendix 1 draws together a number of forecasts for both short term (Bank Rate – also known as “the Bank of England base rate”) and longer term interest rates. The following table and accompanying text below gives the Link central view.

	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 years	25 year	50 year
Mar 2021	0.10	0.80	1.10	1.50	1.30
Jun 2021	0.10	0.80	1.10	1.60	1.40
Sep 2021	0.10	0.80	1.10	1.60	1.40
Dec 2021	0.10	0.80	1.10	1.60	1.40
Mar 2022	0.10	0.90	1.20	1.60	1.40
Jun 2022	0.10	0.90	1.20	1.70	1.50
Sep 2022	0.10	0.90	1.20	1.70	1.50
Dec 2022	0.10	0.90	1.20	1.70	1.50
Mar 2023	0.10	0.90	1.20	1.70	1.50
Jun 2023	0.10	1.00	1.30	1.80	1.60
Sep 2023	0.10	1.00	1.30	1.80	1.60
Dec 2023	0.10	1.00	1.30	1.80	1.60
Mar 2024	0.10	1.00	1.30	1.80	1.60

The Coronavirus outbreak has had a highly significant impact on the UK economy and economies around the world. The Bank of England took emergency action in March 2020 to reduce Bank Rate to 0.25% and then to 0.10%; the Governor of the Bank of England has made it clear that negative rates will do more damage than good and quantitative easing is favoured instead. The forecasts above show that no increase in Bank Rate is expected as the economic recovery is expected to be gradual and therefore prolonged.

Gilt yields spiked during March and since have fallen sharply to unprecedented lows as investors moved into safe haven assets. However major western central banks took rapid action and started quantitative easing purchases of government bonds. This acted by putting downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As shown above there is expected to be little upward movement in PWLB rates over the next two years as it will take economies a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in following two years.
- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England. Borrowing rates have also been impacted by changes in Government policy. In October 2019, the Government increased the margin above Gilts that is used to set PWLB lending rates by 1%. The Government consulted on the future lending arrangements of the PWLB in 2020 and following the conclusion of the consultation the margin above gilts applied to new loans was reduced by 1%, restoring the status quo ante. However, alongside this change, a new prohibition was introduced on using PWLB borrowing to fund commercial investments: any local authority whose capital programme for the following three years includes plans to purchase assets for yield is now unable to borrow from the PWLB, with effect from 26 November 2020.
- Because borrowing rates are expected to be higher than investment rates, any new borrowing undertaken by the City will have a “cost of carry” (the difference between higher borrowing costs and low investment returns) which will cause a temporary increase in cash balances and will most likely incur a revenue cost.

6. Interest Rate Exposure

The City is required to set out how it intends to manage interest rate exposure.

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

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

7. Borrowing Strategy

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

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

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

7.1. City Fund

The City Fund has a positive Capital Financing Requirement, and this is expected to grow in the next few years (see table 2 above). As the City Fund currently has no external debt, it is therefore maintaining an under-borrowed position which is forecast to increase if the City Fund does not acquire external debt. This means that the capital borrowing need is being managed within internal resources, i.e. cash supporting the City Fund's reserves, balances and cash flow is being used as a temporary measure. This strategy is prudent because it helps the City Fund to minimise borrowing costs in the near term and because it leads to lower investment balances which reduces counterparty risk. Against these advantages the City is conscious of the increased exposure to interest rate risk that is inherent in internal borrowing (i.e. the risk that the City Fund will need to replace internal borrowing with external borrowing in the future when interest rates are high).

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

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

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

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

- The **operational boundary for external debt** should represent the most likely scenario for external borrowing. It is acceptable for actual borrowing to deviate from this estimate from time to time. The proposed limit is set to mirror the estimated CFR for the forthcoming year and the following two years.
- The **authorised limit for external debt** is the maximum threshold for external debt for over 2021/22, 2022/23 and 2023/24. This limit is required by the Local Government Act 2003 and is set above the operational boundary to ensure that the City is not restricted in the event of a debt restructuring opportunity.

The proposed limits for 2021/22 are set out in Appendix 2.

The City is also required to set a treasury indicator in respect of the maturity structure of external debt to ensure that the external debt portfolio remains appropriately balanced over the long term. Under the revised Treasury Management Code of Practice, the City is required to set limit for all borrowing (i.e. both fixed rate and variable debt), and the proposed limits are detailed in Appendix 2.

7.2. City's Cash

The capital expenditure plans for City's Cash also create a borrowing requirement. City's Cash has issued fixed rate market debt totalling £450m to fund its capital programme. Of this total, £250m was received in 2019/20 and the remaining £200m will be received in 2021/22. It is not anticipated that any new external borrowing will be acquired by City's Cash in 2021/22. However, the Chamberlain will keep this position under review and in doing so will have regard for liquidity requirements, interest rate risk and the implications for the revenue budget.

The regulatory framework established through the CIPFA professional codes and MHCLG guidance pertains to the City's local authority function, the City Fund. To facilitate effective management of the City's Cash borrowing requirement, this organisation has adopted the City's Cash Borrowing Policy Statement (Appendix 8), which sets out the principles for effectively managing the risks arising from borrowing on behalf of City's Cash. Under this framework, the City has resolved to establish two further treasury indicators, which will help the organisation to ensure its borrowing plans remain prudent, affordable and sustainable:

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

The proposed indicators for 2021/22 are set out in Appendix 2 alongside the City Fund treasury indicators.

7.3. Policy on borrowing in advance of need

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

7.4. Debt rescheduling

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

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;

- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

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

7.5. Sources of borrowing

Historically, the main source of borrowing for UK local authorities has been the PWLB. Any new loans issued by the PWLB are subject to the PWLB's revised lending arrangements with effect from 26 November 2020. Currently the PWLB Certainty Rate is set at gilts + 80 basis points for new loans. Local authorities have recourse to other sources of external borrowing including financial institutions, other local authorities and the Municipal Bonds Agency.

8. Annual Investment Strategy

8.1. Investment Policy

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

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

The City's investment priorities are:

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

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

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

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the City applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

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

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. Investment instruments identified for use in the financial year are listed in Appendix 3 under the ‘specified’ and ‘non-specified’ investments categories.

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

The City will also set a limit for the amount of its investments which are invested for longer than 365 days (see Appendix 2).

8.2. Creditworthiness policy

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

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

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

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

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

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

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

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

and have, as a minimum the following Fitch, credit rating:

- (i) Short-term – F1
 - (ii) Long-term – **A-**
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland ring-fenced operations. This bank can be included if it continues to be part nationalised, or it meets the ratings in Banks 1 above.
- Banks 3 – The City's own banker (Lloyds Banking Group) for transactional purposes and if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and duration.
- Bank subsidiary and treasury operation - The City will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above. This criteria is particularly relevant to City Re Limited, the City's Captive insurance company, which deposits funds with bank subsidiaries in Guernsey.
- Building Societies – The City may use all societies which:
 - (i) have assets in excess of £10bn; or
 - (ii) meet the ratings for banks outlined above

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

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

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

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

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

8.3. Use of additional information other than credit ratings.

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

8.4. Time and monetary limits applying to investments.

The time and monetary limits for institutions on the Council’s counterparty list are as follows (these will cover both specified and non-specified investments):

	Minimum Creditworthiness Criteria	Money Limit	Time Limit
Banks 1 higher quality	Fitch Rating Long Term: A+ Short Term: F1	£100m	3 years
Banks 1 medium quality	Fitch Long Term Rating Long Term: A Short Term: F1	£100m	1 year
Banks 1 lower quality	Fitch Long Term Rating Long Term: A- Short Term: F1	£50m	6 months
Banks 2 – part nationalised	N/A	£100m	3 years
Banks 3 – City’s banker (transactions only, and if bank falls below above criteria)	N/A	£150m	1 working day
Building Societies higher quality	Fitch Long Term Rating A or assets of £150bn	£100m	3 years
Building Societies medium quality	Fitch Long Term Rating A- or assets of £10bn	£20m	1 year
UK Government (DMADF, Treasury Bills, Gilts)	UK sovereign rating	unlimited	3 years
Local authorities	N/A	£25m	3 years
External Funds*	Fund rating	Money and/or % Limit	Time Limit
Money Market Funds CNAV	AAA	£100m	liquid
Money Market Funds LVNAV	AAA	£100m	liquid
Money Market Funds VNAV	AAA	£100m	liquid
Ultra-Short Dated Bond Funds	AAA	£100m	liquid
Short Dated Bond Funds	N/A	£100m	liquid

*An overall limit of £100m for each fund manager will also apply.

A list of suitable counterparties conforming to this creditworthiness criteria is provided at Appendix 4. The Chamberlain will review eligible counterparties prior to

inclusion on the approved counterparty list and will monitor the continuing suitability of existing approved counterparties.

8.5. Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of **AA+** (Fitch) or equivalent. The country limits list, as shown in Appendix 5, will be added to or deducted from by officers should individual country ratings change in accordance with this policy. The UK (which is currently rated as AA-) will be excluded from this stipulated minimum sovereign rating requirement.

8.6. Local authority limits

The City will place deposits up to a maximum of £25m with individual local authorities. In addition the City imposes an overall limit of £250m for outstanding lending to local authorities as a whole at any given time. Although the overall credit standing of the local authority sector is considered high, officers perform additional due diligence on individual prospective local authority borrowers prior to entering into any lending.

8.7. Investment Strategy

In-house funds: The City's in-house managed funds are both cash-flow derived and also represented by core balances which can be made available for investment over a longer period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Investment returns expectations: Bank Rate is unlikely to rise from 0.10% for a considerable period given underlying economic expectations. In these circumstances it is likely that investment earnings from money market-related instruments will be below 0.50% for the foreseeable future. Bank Rate forecasts for financial year ends (March) are:

- 2020/21 0.10%
- 2021/22 0.10%
- 2022/23 0.10%
- 2023/24 0.10%
- 2024/25 0.25%

The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations.

8.8. Investment Treasury Indicator and Limit

Total principal funds invested for greater than 365 days are subject to a limit, set with regard to the City's liquidity requirements and to reduce the need for an early sale of an investment, and are based on the availability of funds after each year end. The Board is asked to approve the treasury indicator and limit:

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

8.9. Investment performance benchmarking

The City will monitor investment performance against Bank Rate and 3- and 6-month London Interbank Bid Rate (LIBID). The City is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to Members accordingly.

8.10. End of year investment report

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

8.11. External fund managers

A proportion of the City's funds, amounting to £501.8m as at 31 December 2020, are externally managed on a discretionary basis by the following fund managers:

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

The City's external fund managers will comply with the Annual Investment Strategy, and the agreements between the City and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk.

The credit criteria to be used for the selection of the Money Market fund manager(s) is based on Fitch Ratings and is AAA/mmf. The Ultra-Short Dated Bond Fund managers (including the Payden & Rygel Sterling Reserve Fund, Federated Sterling Cash Plus Fund and Aberdeen Standard Liquidity Fund (Lux) Short Duration Sterling Fund) are all rated by Standard and Poor's as AAA.

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

9. Policy on the use of external service providers

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

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

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

10. Scheme of Delegation

Please see Appendix 6.

11. Role of the Section 151 officer

Please see Appendix 7.

12. Training

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

APPENDICES

1. Interest Rate Forecasts 2021-2024
2. Treasury Indicators 2021/22 – 2023/24 and Minimum Revenue Provision Statement
3. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management
4. Current Approved Counterparties
5. Approved Countries for Investments
6. Treasury Management Scheme of Delegation

7. The Treasury Management Role of the Section 151 Officer
8. City's Cash Borrowing Policy Statement

LINK INTEREST RATE FORECASTS 2021 – 2024

Link Group Interest Rate View 9.11.20														
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20														
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

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

TREASURY INDICATORS 2021/22 – 2023/24 AND MINIMUM REVENUE PROVISION STATEMENT

TABLE 1: TREASURY MANAGEMENT INDICATORS	2019/20	2020/21	2021/22	2022/23	2023/24
	actual	probable outturn	estimate	estimate	estimate
	£m	£m	£m	£m	£m
Authorised Limit for external debt (City Fund) -					
Borrowing	145.3	164.9	224.0	361.0	399.1
other long-term liabilities	13.8	13.7	13.5	13.4	12.2
TOTAL	113.8	178.6	237.5	375.3	411.3
Operational Boundary for external debt (City Fund) -					
Borrowing	45.3	64.9	124.0	261.0	299.1
other long-term liabilities	13.8	13.7	13.5	13.4	12.2
TOTAL	13.8	78.6	137.5	275.3	311.3
Actual external debt (City Fund)*	0	0			
Upper limit for total principal sums invested for over 365 days (per maturity date)	£300m	£500m	£500m	£500m	£500m

*Actual external debt at the end of the financial year

TABLE 2: Maturity structure of borrowing during 2020/21	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

TABLE 3: CITY'S CASH BORROWING INDICATORS	2019/20	2020/21	2021/22	2022/23	2023/24
	actual	probable outturn	estimate	estimate	estimate
	%	%	%	%	%
Estimates of financing costs to net revenue stream	5.1%	6.8%	11.1%	12.0%	10.9%
	£m	£m	£m	£m	£m
Overall borrowing limits	125	250	250	450	450

MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2021/22

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

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

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

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

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

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

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

The MRP liability for 2020/21 is **£1.1m** and is estimated at **£1.1m** for 2021/22.

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

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

	Minimum ‘High’ Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A-	In-house via Fund Managers
Money Market Funds CNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds LVNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds VNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Ultra-Short Dated Bond Fund	AAA/f (or equivalent)	In-house via Fund Managers
UK Government Gilts	UK Sovereign Rating	In-house & Fund Managers
Treasury Bills	UK Sovereign Rating	In-house & Fund Managers
Sovereign Bond issues (other than the UK government)	AA+	Fund Managers

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of £500m will be held in aggregate in non-specified investment.

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

	Minimum Credit Criteria	Use	Maximum	Maximum Maturity Period
Term deposits – other LAs (with maturities in excess of one year)	-	In-house	£25m per LA	Three years
Term deposits, including callable deposits – banks and building societies (with maturities in excess of one year)	Long-term A+ , Short-term F1,	In-house and Fund Managers	£300m overall	Three years
Certificates of deposits issued by banks and building societies with maturities in excess of one year	Long-term A+ , Short-term F1,	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Government Gilts with maturities in excess of one year	AA-	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Index Linked Gilts	AA-	In-house on a buy-and-hold basis and fund managers	£50m Overall	Three years
Short Dated Bond Funds	--	In-house via Fund Managers	£100m per Fund	n/a*

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

APPROVED COUNTERPARTIES AS AT 31 DECEMBER 2020

UK BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES

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

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

BUILDING SOCIETIES

FITCH RATINGS		BUILDING SOCIETY	ASSETS	LIMIT PER GROUP	DURATION
A	F1	Nationwide	£260Bn	£100M	Up to 3 years
A-	F1	Yorkshire	£44Bn	£20M	Up to 1 year
A-	F1	Coventry	£50Bn	£20M	Up to 1 year
A-	F1	Skipton	£25Bn	£20M	Up to 1 year
A-	F1	Leeds	£21Bn	£20M	Up to 1 year

FOREIGN BANKS

(with a presence in London)

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

MONEY MARKET FUNDS

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

ULTRA SHORT DATED BOND FUNDS

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

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

SHORT DATED BOND FUNDS

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

LOCAL AUTHORITIES

LIMIT OF £25M PER AUTHORITY <u>AND £250M</u> <u>OVERALL</u>
Any UK local authority

APPROVED COUNTRIES FOR INVESTMENT

This list is based on those countries which have sovereign ratings of AAA **and AA+** as at 11 January 2021.

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- United States

AA+

- Canada
- Finland

AA-

- United Kingdom

TREASURY MANAGEMENT SCHEME OF DELEGATION

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

(i) Court of Common Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy.

(ii) Financial Investment Board and Finance Committee

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

(iii) Audit & Risk Management Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The Chamberlain

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

CITY'S CASH BORROWING POLICY STATEMENT

1. The City Corporation shall ensure that all of its City's Cash capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the overall fiscal sustainability of City's Cash.
2. Borrowing shall be undertaken on an affordable basis and total capital investment must remain within sustainable limits. When assessing the affordability of its City's Cash investment plans, the City Corporation will consider both the City's Cash resources currently available and its estimated future resources, together with the totality of its City's Cash capital plans, income and expenditure forecasts.
3. To ensure that the benefits of capital expenditure are matched against the costs, a debt financing reserve will be established.
4. To the greatest extent possible, expected finance costs arising from borrowing are matched against appropriate revenue income streams.
5. The City Corporation will organise its borrowing on behalf of City's Cash in such a way as to ensure that financing is available when required to manage liquidity risk (i.e. to make sure that funds are in place to meet payments for capital expenditure on a timely basis). The City Corporation will only borrow in advance of need on behalf of City's Cash on the basis of a sound financial case (for instance, to mitigate exposure to rising interest rates).
6. The City Corporation will ensure debt is appropriately profiled to mitigate refinancing risk.
7. The City Corporation will monitor the sensitivity of liabilities to inflation and will manage inflation risks in the context of the inflation exposures across City's Cash (e.g. the City Corporation will be mindful of the potential impact of index-linked borrowing on the financial position of City's Cash).
8. The City Corporation will seek to obtain value for money in identifying appropriate borrowing for City's Cash. Where internal borrowing (i.e. from City Fund or Bridge House Estates) is used as a source of funding, the City Corporation will keep under review the elevated risk of refinancing.
9. All borrowing is expected to be drawn in Sterling. Where debt is raised in foreign currencies, the City Corporation will consider suitable measures for mitigating the risks presented by fluctuation in exchange rates.
10. Interest rate movement exposure will be managed prudently, balancing cost against likely financial impact.
11. The City Corporation will maintain the following indicators which relate to City's Cash borrowing only:
 - Estimates of financing costs to net revenue stream
 - Overall borrowing limits

DRAFT CAPITAL STRATEGY
Financial Years 2021/22 to 2024/25

INTRODUCTION AND BACKGROUND

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

CORE PRINCIPLES THAT UNDERPIN THE CAPITAL PROGRAMME

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

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

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

GOVERNANCE FRAMEWORK

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

In preparation for the 2021/22 annual budget, the annual capital bids for new funding from 2021/22 have been agreed in principle in accordance with the process introduced to facilitate the strategic allocation of resources to the highest priority schemes.

13. Projects are one of the key ways that the City Corporation delivers its strategic aims and priorities. The City Corporation is committed to ensuring that projects are delivered efficiently and that the best use is made of the

Appendix E

resources available to the organisation. Approval of projects is the responsibility of the Policy and Resources Committee through its Project Sub-Committee, which scrutinises individual projects, and the Resource Allocation Sub-Committee, which considers the overall programme of project activity and funding. Decisions about projects are made in conjunction with service committees and the Court of Common Council (for high value projects). Major Projects are managed directly through the Capital Buildings Committee or Policy and Resources Committee.

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

SHORT, MEDIUM AND LONG-TERM CAPITAL PLANNING OBJECTIVES

19. The City Corporation maintains an approved capital programme that covers a five-year period which is approved by the Court of Common Council as part of the annual budget setting process.
20. Going forward the intention is to extend the capital programme over a longer term, especially with regard to the major projects, to aid in the financial planning process. Planning the capital programme over a ten-year period will ensure that the City Corporation does not over-commit to a capital programme that is not affordable, sustainable and prudent.

Appendix E

21. The impact of the major projects on available funding over the medium to long term will be significant and it will be a requirement to prioritise the remaining capital spend to make best use of the limited resources that will be available.
22. The City Corporation has substantial operational property and investment property portfolios. Strategic plans are produced for each fund for the investment properties which are agreed by Property Investment Board. Social Housing properties are overseen by the Community and Children's Services Committee. Other operational properties are overseen by Corporate Asset Sub Committee within the framework of the corporate property asset management plan.
23. Such a sizeable property portfolio requires significant capital and revenue investment to maintain it and in the case of the investment property to maximise the returns. These schemes are therefore likely to make ongoing major calls on the City Corporation's limited capital resources.
24. To assist with managing this commitment the City Corporation has conducted a fundamental review to focus capital investment on priorities and is also in the process of streamlining its activities in line with a target operating model. This is expected to result in the identification of surplus assets through rationalisation of the operational property estate.

CAPITAL INVESTMENT PRIORITIES

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

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Later Years £m	Total £m
City Fund	123.9	245.1	233.7	232.5	176.2	84.4	1,095.8
City's Cash	144.1	199.9	99.5	260.2	306.8	218.9	1,229.4
	268.0	445.0	333.2	492.7	483.0	303.3	2,325.2

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

	City Fund £m	City's Cash £m	Total £m
Major Projects	680.3	1,017.6	1,697.9
Capital and SRP Programme	350.4	178.5	528.9
New Bids including climate action	65.1	33.3	98.4
	1,095.8	1,229.4	2,325.2

26. There are four major projects at various stages of development:
- Museum of London Relocation (City Fund and City's Cash)
 - Salisbury Square Development (City Fund and City's Cash)
 - Markets Consolidation Programme (City's Cash)
 - Centre for Music (City's Cash, future currently uncertain with expenditures largely on hold)
27. These projects represent a substantial funding requirement of unprecedented scale in the context of the City Corporation's more recent capital plans. They therefore present a significant challenge to the finances of the organisation, requiring a step change in the previously debt-free status of City's Cash and possibly City Fund. The revenue impact of interest payable on external borrowing results in significant revenue pressures, together with the additional statutory City Fund requirement for a Minimum Revenue Provision towards the repayment of principal if City Fund were to borrow. The final decision on progression of the major projects is based on the business cases and identification of a sustainable funding strategy.
28. Other significant schemes within the current capital programme include:
- Investment Property refurbishments
 - Schools refurbishments
 - IT systems investment
 - Social Housing Decent Homes refurbishments and new affordable housing units
 - Capital contribution to Government Crossrail Project
 - Various highways and public realm projects
29. New bids include:
- Cash flow financing for school expansion
 - Critical end of life asset replacements (mainly building infrastructure and IT)
 - Statutory compliance/health and safety projects
 - Spend to save schemes with payback < 5 years
 - 'Secure City' Infrastructure
 - Capital investment to deliver Climate Action Strategy.
30. Following the progression of the new corporate target operating model, revised prioritisation criteria may follow to inform future resource allocation.

ASSET MANAGEMENT PLANNING

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

32. The City Corporation's overall property portfolio consists of both operational and investment property. The City has specific reasons for owning and retaining property:
- Operational purposes e.g. assets that support core business and service delivery such as schools, social housing, office buildings, The Barbican Arts Centre, Central Criminal Court, cleansing depot, cemetery and crematorium, port health offices, wholesale markets, City Police, car parks, libraries, Mansion House and various open spaces across London.
 - Investment properties held to provide a financial return to the City Corporation to provide financial support for service provision.
 - Strategic investment to enable growth in the City fringe - the strategic property estate.
33. Asset management is an important part of the City Corporation's business management arrangements and is crucial to the delivery of efficient and effective services. The ongoing management and maintenance of operational property assets is considered as part of the recently revised Corporate Property Asset Management Strategy. This strategy has the following objectives relating to capital investment:
- Ensure capital and revenue investment into the operational estate is 'relevant and needed' to achieve Corporate Plan objectives.
 - Ensure capital and revenue projects are affordable, sustainable, prudent and directed to corporate priorities
 - Ensure future capital investment in the operational estate is aligned with 'invest to save' outcomes, full life cycle and both financial and non-financial assessments.
34. The development of Asset Management Plans for properties across the operational estate assists in delivering the asset management component of service department business plans and strategies, and supporting the aims of the Corporate Plan. In so doing, these plans support the prioritisation of future capital requirements and incorporation of corporate objectives across the operational estate.
35. Asset Management Plans and the core processes necessary to draft and implement effectively across the Operational Estate have been substantially developed through the now completed Asset Management Service Based Review (AM SBR). The implementation of the recommendations from the AM SBR is now incorporated into the recently approved Corporate Property Asset Management Strategy. Once fully implemented these recommendations will ensure the plans are better aligned with the respective Business Plan cycle and will also facilitate a detailed 'Asset Challenge' to ensure targeted investment in operational assets that are fit for purpose. Further, to consider underutilised assets for alternative use and/or the potential of a capital receipt/lease income. Other outcomes from the AM SBR support improvements to financial sustainability, corporate policies and controls, data management, strategic asset management,

delivering asset management related projects, compliance and operational property management.

COMMERCIAL ACTIVITY AND INVESTMENT PROPERTY

36. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both.
37. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth).
38. The combination of these is a consideration in assessing the attractiveness of a property for acquisition. In the context of the Capital Strategy, the City Corporation uses capital to invest in property to provide a positive surplus/financial return which is a key source of funding for the ongoing provision of services.
39. Investment properties may also be sold to provide capital to fund the capital programme. Some significant disposals are currently planned to provide funding for the major projects. The resulting loss of rental returns needs to be carefully managed to ensure sufficient income to deliver services.
40. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. These risks are mitigated in part by the mixed lease structure of holdings with some properties directly managed with multiple lettings, some single lettings to tenants on fully repairing and insuring leases and some to tenants on geared ground rent leases where the City Corporation is guaranteed a minimum rent but also shares in the actual rent received over a certain threshold.
41. The property portfolio is overseen by Members through a dedicated Property Investment Board appointed by Investment Committee which meets on a monthly basis to receive reports on performance, set strategy, and agree major lettings, acquisitions and disposals.
42. Performance of each estate is benchmarked through MSCI against the overall MSCI Universe and against the MSCI "Greater London Properties including owner occupied" benchmark. The target set is to outperform the MSCI Return Benchmarks for Total Return on an annualised five-year basis. There is a subsidiary target to maintain rental income levels and to endeavour to secure rental income growth at least in line with inflation.
43. The properties forming the Strategic Property Estate have been acquired for large scale redevelopment. They are part of the strategy of supporting growth in the business cluster in the City Fringes by providing high quality

floor space and returns from these properties are focussed on capital appreciation through their redevelopment.

44. The Property Investment Board receives quarterly rent five year rental forecast reports and regular reports on the level of voids and debtor arrears. From time to time the Board also receives presentations, usually from major firms of surveyors, on the state of the UK and London property market and potential future trends.

REVENUE BUDGET IMPLICATIONS FROM CAPITAL INVESTMENT DECISIONS

45. Capital expenditure for the City Corporation is financed through a variety of sources, typically

- Receipts from the sale of capital assets
- Capital grants
- External contributions such as S106 or Community Infrastructure Levy
- The use of general reserves or from revenue budget contributions
- Earmarked reserves set aside for specific purposes.
- Surplus cash balances (internal borrowing)

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

46. For City Fund, the City Corporation can utilise its temporary cash balances in lieu of external borrowing to fund capital expenditure. This is referred to as internal borrowing. External borrowing refers to loans from third parties e.g. banks.
47. To date, the City Corporation has funded its City Fund capital expenditure from the sources listed above or through internal borrowing. A programme of property disposals is currently being planned to fund the City Fund major projects in preference to external borrowing. City's Cash capital expenditure has been funded from cash balances with external borrowing through private placement for the City's Cash major projects.
48. In approving the inclusion of schemes and projects within the capital programme, the City Corporation ensures all its capital and investment plans are affordable, prudent and sustainable. In the event of borrowing, the City Corporation will take into account the arrangements for the repayment of debt, through a prudent Minimum Revenue Provision (MRP) policy in line with MRP guidance produced by the Ministry of Housing, Communities and Local Government.
49. The capital financing costs and any additional running costs arising from capital investment decisions are incorporated within the annual budget and medium term financial plans. Loss of income resulting from property disposals are also incorporated into these plans. This enables members to consider the consequences of capital investment and disposal alongside other competing priorities for revenue funding.

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

RISK MANAGEMENT

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

the risk and a financial assessment of the likely cost should the mitigated risks crystallise. In addition, the costs of major projects include an element of optimism bias in line with HM Treasury guidance to mitigate the financial implication of delays and/or increased costs.

TREASURY MANAGEMENT

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

KNOWLEDGE AND SKILLS

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

BACKGROUND DOCUMENTS

Strategic Property Estate (City Fund & City's Estate) Annual Update & Strategy for 2021 – 29th January 2021

City Fund Investment Portfolio Annual Update and Strategy 29th January 2021

City's Estate Annual Update & 2021 Strategy - 16thDecember 2019

Treasury Management Strategy Statement 2021/22

Corporate Property Asset Management Strategy

Corporate Project Procedure

City of London Corporate Plan

Corporate Risk Register

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

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

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

Medium Term Financial Strategy/Budget Policy

City Fund

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

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

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Review of Contingency Funds

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

Finance Committee Contingencies						
		City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Disaster Fund £'000	Total £'000
2020/21	Provision	950	800	50	100	1,900
	Provision brought forward	24	541	0	25	590
	Total Provision	974	1,341	50	125	2,490
	Less Allocations	(164)	(741)	(0)	(100)	(1,005)
	Uncommitted Balance as at 19/01/21	810	600	50	25	1,485
2019/20	Provision	950	800	50	100	1,900
	Provision brought forward	50	15	0	0	65
	Total Provision	1,000	815	50	100	1,965
	Less Allocations	(481)	(621)	0	(50)	(1,152)
	Uncommitted Balance	519	194	50	50	813
2018/19	Provision	950	800	50	100	1,900
	Provision brought forward	109	60	0	0	169
	Total Provision	1,059	860	50	100	2,069
	Less Allocations	(920)	(733)	(4)	(100)	(1,757)
	Uncommitted Balance	139	127	46	0	312
2017/18	Provision	950	800	50	100	1,900
	Provision brought forward	85	0	0	0	85
	Total Provision	1,035	800	50	100	1,985
	Allocations	(788)	(697)	(22)	(100)	(1,607)
	Uncommitted Balance	247	103	28	0	378

Policy Initiative Fund		
	City's Cash	
2020/21	Provision	1,250
	Provision brought forward for unspent provisions	437
	Provision brought forward for agreed allocations not yet completed	282
	Total Provision	1,969
	Less Allocation	(1,442)
	Uncommitted balance as at 25/01/2021	527
2019/20	Provision	1,250
	Provision brought forward for unspent provisions	105
	Provision brought forward for agreed allocations not yet completed	324
	Balance moved from P&R Contingency to cover multiyear allocations	100
	Total Provision	1,779
	Less Allocations	(1,342)
	Uncommitted balance	437
2018/19	Provision	1,250
	Provision brought forward for unspent provisions	161
	Provision brought forward for agreed allocations not yet completed	174
	Total Provision	1,585
	Less Allocations	(1,480)
	Uncommitted balance	105
2017/18	Provision	1,250
	Provision brought forward for unspent provisions	72
	Provision brought forward for agreed allocations not yet completed	38
	Allocation from P&R Contingency	200
	Total Provision	1,560
	Less Allocations	(1,399)
	Uncommitted balance	161

Policy and Resources Contingency		
2020/21	City's Cash	
	Provision	300
	Provision brought forward for unspent provisions	234
	Provision brought forward for agreed allocations not yet completed	131
	Total Provision	665
	Less Allocations	(607)
	Uncommitted balance as at 25/01/2021	58
2019/20	Provision	300
	Provision brought forward for unspent provisions	79
	Provision brought forward for agreed allocations not yet completed	302
	Balance moved to P&R Contingency to cover multiyear allocations	(100)
	Total Provision	581
	Less Allocations	(347)
	Uncommitted balance	234
2018/19	Provision	300
	Provision brought forward for unspent provisions	18
	Provision brought forward for agreed allocations not yet completed	193
	Total Provision	511
	Less Allocations	(432)
	Uncommitted balance	79
2017/18	Provision	300
	Provision brought forward for unspent provisions	152
	Provision brought forward for agreed allocations not yet completed	150
	Allocation to P&R Contingency	(200)
	Total Provision	402
	Less Allocations	(384)
	Uncommitted balance	18

Brexit Contingency		
	City's Cash	
2020/21	Provision brought forward for unspent provisions	640
	Total Provision	640
	Less Allocations	-
	Uncommitted balance as at 25/01/2021	640
2019/20	Extra provision provided by MHGL	210
	Provision brought forward for unspent provisions	2,017
	Provision brought forward for agreed allocations not yet completed	-
	Provision moved to create COVID Contingency	(1,500)
	Total Provision	727
	Less Allocations	(87)
	Uncommitted balance	640
2018/19	Provision	2,000
	Extra provision provided by MHGL	105
	Provision brought forward for unspent provisions	-
	Provision brought forward for agreed allocations not yet completed	-
	Total Provision	2,105
	Less Allocations	(88)
	Uncommitted balance	2,017

COVID Contingency		
	City's Cash	
2020/21	Provision brought forward for unspent provisions	1,500
	Provision brought forward for unspent provisions	
	Total Provision	1,500
	Less Allocations	(1,108)
	Uncommitted balance as at 25/01/2021	392
2019/20	Provision moved to create COVID Contingency	1,500
	Total Provision	1,500
	Less Allocations	-
	Uncommitted balance	1,500

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City Fund 2021/22 Budget Report and Medium-Term Financial Strategy including Non Domestic Rates and Council Taxes for the Year 2021/22

Resolution by the Court of Common Council

1. It is recommended that for the 2021/22 financial year the Court of Common Council approves:
 - the Premium multiplier on the Non-Domestic Rate and Small Business Rate multipliers be set at £0.008 to enable the City to continue to support the City of London Police, security and contingency planning activity within the Square Mile at an enhanced level;
 - an increase of 3% in the 'relevant basic amount' of Council Tax to £952.91 based on a 3% increase for Adult Social Care for a Band D property (excluding the GLA precept);
 - the overall financial framework and the revised Medium-Term Financial Strategy for the City Fund; and
 - the City Fund Net Budget Requirement of £161,559,574

Council Tax

2. It be noted that in 2012 the Finance Committee delegated the calculation of the Council Tax Base to the Chamberlain and the Chamberlain has calculated the following amounts for the year 2021/22 in accordance with Section 31B of the Local Government Finance Act 1992:
 - (a) 8,169.64 being the amount calculated by the Chamberlain (as delegated by the Finance Committee), in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the City's Council Tax Base for the year; this amount includes a calculation of the amount of council tax reduction; and
 - (b) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
85.39	61.11	8,023.14

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

3. For the year 2021/22 the Common Council determines, in accordance with Section 35(2)(d) of the Local Government Finance Act 1992, that any expenses incurred by the Common Council in performing in a part of its area a function performed elsewhere in its area by the Sub-Treasurer of the Inner Temple and the Under Treasurer of the Middle Temple shall not be treated as special expenses,

apart from the amount of £20,807,000 being the expenses incurred by the Common Council in performing in the area of the Common Council of the City of London the City highways, street cleansing, waste collection and disposal, road safety, drains and sewer functions.

4. That the following amounts be now calculated by the Common Council for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

(a) £477,493,000	Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act, including the local precepts issued by the Inner and Middle Temples
(b) £469,708,068	Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;
(c) 7,784,932	Being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Common Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year;
(d) £952.91	Being the amount of 4(c) above, divided by the amount at 2(a) above, calculated by the Common Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;
(e) £21,186,928.70	Being the aggregate amount of all special items referred to in Section 34(1) of the Act, including the local precepts issued by the Inner and Middle Temples;
(f) £1,640.46	Being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by the amount at 2(a) above, calculated by the Common Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(g) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
£	£	£
952.91	952.91	952.91

being the amounts given by adding to the amount at 4(f) above the amounts of the special item or items relating to dwellings in those parts of the Common Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Common Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one of the special items relate; and

(h) Council Tax Valuation Bands

Valuation Bands	Inner Temple	Middle Temple	City excluding Temples (special expense area)
	£	£	£
A	635.27	635.27	635.27
B	741.15	741.15	741.15
C	847.03	847.03	847.03
D	952.91	952.91	952.91
E	1,164.67	1,164.67	1,164.67
F	1,376.43	1,376.43	1,376.43
G	1,588.18	1,588.18	1,588.18
H	1,905.82	1,905.82	1,905.82

being the amounts given by multiplying the amounts at 4(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which, in that proportion, is applicable to dwellings listed in valuation band D, calculated by the Common Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. It be noted that for the year 2021/22 the Greater London Authority has proposed the following amounts in precepts issued to the Common Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands Precepting Authority

Greater London
Authority

	£
A	64.35
B	75.08
C	85.80
D	96.53
E	117.98
F	139.43
G	160.88
H	193.06

6. Having calculated the aggregate in each case of the amounts at 4(h) and 5 above, the Common Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby proposes the following amounts as the amounts of Council Tax for the year 2021/22 for each of the categories of dwelling as shown below:

Council Tax Valuation Bands Inclusive of GLA Precept

Valuation Bands	Inner Temple	Middle Temple	City excluding Temples (special expense area)
	£	£	£
A	699.62	699.62	699.62
B	816.23	816.23	816.23
C	932.83	932.83	932.83
D	1,049.44	1,049.44	1,049.44
E	1,282.65	1,282.65	1,282.65
F	1,515.86	1,515.86	1,515.86
G	1,749.06	1,749.06	1,749.06
H	2,098.88	2,098.88	2,098.88

7. The Common Council of the City of London hereby determines that the following amounts of discount be awarded:
- dwellings in Class B as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 should be nil;
 - dwellings in Class C as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State

under the provisions of Section 11A of the Local Government Finance Act 1992:

- (a) in the case of a vacant dwelling that has been such for a continuous period of less than 6 months ending immediately before the day in question: should be nil;
 - (b) in the case of a vacant dwelling that has been such for a continuous period of 6 months or more: should be nil;
 - iii. dwellings in Class D as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 should be nil;
 - iv. care leavers within the City up to the age of 25, under Section 13A(1)(c) of the Local Government Finance Act 1992 subject to liability considerations should be 100%; and
 - v. discretionary discounts up to 100% under Section 13A(1)(c) of the Local Government Finance Act 1992 to provide council tax support in exceptional circumstances as agreed by the Finance Committee at its meeting in November 2017.
8. The Common Council of the City of London determines that for 2021/22 a long-term empty property premium is levied under the provisions of Section 11B of the Local Government Finance Act 1992 at the maximum rate in accordance with legislation. (For 2021/22 this will result in an additional levy of 100% i.e. a council tax charge of 200% for applicable vacant dwellings empty over 2 years but empty less than 5 years. An additional levy of 200% i.e. a council tax charge of 300% will be applicable for dwellings empty over 5 years).
9. The Common Council of the City of London hereby determines that its relevant basic amount of council tax for 2021/22, calculated in accordance with Section 52ZX of the Local Government Finance Act 1992 is not excessive in accordance with the Referendums Relating to Council Tax Increases (Principles) (England) Report 2021/22.

Council Tax Reduction (formerly Council Tax Benefit)

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

Effectively, therefore, the City's Local Council Tax Reduction Scheme for 2021/22 will remain the same as was administered in 2017/18, 2018/19, 2019/20 and 2020/21 subject to the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, adjusted in line with inflation levels

by reference to relevant annual uprating in the Housing Benefit Scheme or The Prescribed Council Tax Reduction Scheme for Pensioners.

Non Domestic Rates

11. The Common Council of the City of London being a special authority in accordance with Section 144(6) of the Local Government Finance Act 1988 hereby sets for the chargeable financial year beginning with 1st April 2021, a Non-Domestic Rating Multiplier of 0.520 and a Small Business Non-Domestic Rating Multiplier of 0.507 in accordance with Part II of the Schedule 7 of the said Act. (Both multipliers are inclusive of the City business rate premium of 0.008).
12. In addition, the levying by the Greater London Authority of a Business Rate Supplement in 2021/22 of 0.020 (i.e. 2.0p in the £) on hereditaments with a rateable value greater than £70,000, to finance its contribution to Crossrail, be noted.
13. A copy of the said Council Taxes and the Non-Domestic Rating Multipliers, signed by the Town Clerk, be deposited in the offices of the Town Clerk in the said City, and advertised within 21 days from the date of the Court's decision, in at least one newspaper circulating in the area of the Common Council.

Capital Expenditure and Financing for the Year 2021/22

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

14. The City Fund capital budget is approved, and its final financing be determined by the Chamberlain, apart from in regard to any possible borrowing options.
15. For the purpose of Section 3(1) of the Local Government Act 2003, for the financial years 2021/22 to 2023/24, the Court of Common Council hereby determines that at this stage the amount of money (referred to as the "Authorised Limit"), which is the maximum amount which the City may have outstanding by way of external borrowing, shall be £411,300,000.
16. For the purpose of Section 21(A) of the Local Government Act 2003, for the financial year 2021/22, the Court of Common Council hereby determines that the prudent amount of Minimum Revenue Provision is £1,100,000 using the asset life method over the useful economic life of the relevant assets and which equals the amount of deferred income released from the premiums received for the sale of long leases in accordance with the Minimum Revenue Provision Policy at Appendix E.
17. Any potential external borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
18. The Chamberlain be authorised to lend surplus monies on the basis set out in the Annual Investment Strategy, with an absolute limit of £500m for maturities in excess of 365 days.
19. The following Prudential Indicators be set:

	2021/22	2022/23	2023/24
Estimates of the ratio of financing costs to net revenue stream:			
HRA	0.24	0.30	0.35
Non-HRA	-0.27	-0.30	-0.32
Total	-0.23	-0.25	-0.26
Estimates of Capital Expenditure	£m	£m	£m
HRA	65.125	32.398	0.000
Non-HRA	179.993	201.331	232.469
Total	245.118	233.729	232.469
Estimates of Capital Financing Requirement – underlying need to borrow	£m	£m	£m
HRA	19.227	29.746	28.211
Non-HRA	104.755	232.140	270.860
Total	123.982	261.886	299.071
Gross Debt	Period 2021/22 to 2023/24 £m		
Capital Financing Requirement – underlying need to borrow	13.302		
	299.071		

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

TREASURY MANAGEMENT INDICATORS	2019/20	2020/21	2021/22	2022/23	2023/24
	actual	probable outturn	estimate	estimate	estimate
	£m	£m	£m	£m	£m
Authorised Limit for external debt -					
Borrowing	145.3	164.9	224.0	361.0	399.1
other long-term liabilities	13.8	13.7	13.5	13.4	12.2
TOTAL	159.1	178.6	237.5	375.3	411.3
Operational Boundary for external debt -					
Borrowing	45.3	64.9	124.0	261.0	299.1
other long-term liabilities	13.8	13.7	13.5	13.4	12.2

TREASURY MANAGEMENT INDICATORS	2019/20	2020/21	2021/22	2022/23	2023/24
TOTAL	59.1	78.6	137.5	275.3	311.3
Actual external debt*	0	0	-	-	-
Upper limit for total principal sums invested for over 365 days (per maturity date)	£300m	£500m	£500m	£500m	£500m

Maturity structure of borrowing during 2021/22	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

Local Indicator focusing on revenue reserves:

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

Other Recommendations

20. The Treasury Management Strategy Statement and Annual Investment Strategy 2021/22 are endorsed.
21. The Chamberlain's assessment of the robustness of budgets and the adequacy of reserves and contingencies is endorsed.

Report – Finance Committee

2021/22 City's Cash Budgets and Medium-Term Financial Plan

To be presented on Thursday, 4th March 2020

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

SUMMARY

This report covers the 2021/22 Budget and the medium-term financial outlook for City's Cash and Guildhall Administration. The report should therefore be read in conjunction with the City Fund and Bridge House Estates Budget reports on your agenda.

City's Cash has been affected financially as a result of COVID-19, with uncertainty in rental return and growth on financial investments. Prudent management of funds ensures losses can be accommodated within overall balance sheet growth. Over the planning period, the cumulative draw-down on investments is £476m (including £134.9m for the capital programme). Balance Sheet forecasting indicates this sum is sustainable over the medium-term, but not in the longer 10-year horizon when financing costs on major projects increase.

In response to the financial challenges, the City Corporation set a general budget reduction of 12% in 2021/22 across all funds, plus the implementation of the new target operating model to make organisational efficiencies. The savings are identified from 2021/22 to ensure that budgets are fully aligned with, and support, our Corporate Plan objectives, and our finances are put on to a sustainable footing over the medium-term.

This report recommends a number of measures to stabilise the position in 2021/22, which will, in turn, support the steps that will need to be taken over the medium-term, namely; through further work on identifying flightpath savings; building on collaborative working between the Chair of Policy & Resources Committee and the Chairman of the Finance Committee (and their deputies) and service committee Chairmen; moving from a tactical response to COVID to service transformation; a more in-depth review of grant giving, and; containing the costs of major projects and other programmes.

Although there are huge pressures arising from the impact of COVID, and significant expenditure through the major projects, stress-testing indicates affordability on net assets over the Medium-Term Financial Plan, such that City's Cash could contribute to the Court element of the Fleet Street project.

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

The 2021/22 Summary Budget Book is available via the *Members' Committees and Papers* section of the City Corporation's website. PDF copies via email can be requested from sonia.virdee@cityoflondon.gov.uk

Recommendations

Following your Finance Committee's consideration of this report, it is recommended that Members of the Court of Common Council:

1. Note the latest revenue budgets for 2020/21 (paragraphs 18 to 25).
2. Agree the 2021/22 revenue budgets, including the following measures:
 - Note the **overall budget envelope** for City Cash incorporates 12% savings as agreed by your Finance Committee in December and are consistent with the approved savings flightpath.
 - **Unfunded additional revenue bids:** To be avoided during 2021/22 - 2024/25 and carry forwards from 2020/21 to be minimised.
 - **Grants:** Application of 12% savings, unless agreed co-funding arrangement is in place.
3. Approve the 2021/22 Capital and Supplementary Revenue Project Budgets for City's Cash amounting to £33.3m (paragraph 27).
4. Approve the allocation of central funding of up to £17.7m for City's Cash to meet the cost of the 2021/22 capital schemes. Release of such funding being subject to approval at the relevant Gateway and specific agreement of your Resource Allocation Sub-Committee at Gateway 4(a) (paragraph 29).
5. Approve the allocation of central funding to provide an internal loan facility of up to £15.6m for the City of London School (CLSG) to progress its masterplan – release of such funding being subject to approval at the relevant Gateway and separate approval of the loan terms and conditions (paragraph 30).
6. Delegate authority to the Chamberlain to determine the final financing of capital and supplementary revenue project expenditure.

Main Report

Background

1. The primary purpose of this report is to summarise the latest budgets for 2020/21 and the proposed budgets for 2021/22 for City's Cash, which have all been prepared within agreed policy guidelines and allocations.
2. During the autumn/winter cycle of meetings each of your spending Committees have received and approved a budget report which, except for Guildhall School of Music and Drama (which is committed to delivering 12% savings, but has separate funding arrangements agreed with the Office for Students), has been prepared based on the planning framework for Chief Officers which included:

- A 12% general budget reduction totalling £4.7m.
 - Rephased Fundamental Review of £2.1m.
 - A £4m reduction in the 2021/22 Cyclical Works Programme, confirmed by your Corporate Asset Sub Committee.
3. The 2021/22 Summary Budget Book is available via the Members' Committees and Papers section of the City Corporation's website. PDF copies via email can be requested from sonia.virdee@cityoflondon.gov.uk

The Summary Budget Book provides:

- All the budgets at a summary level in a single document;
- Service overviews - a narrative of the services for which each Chief Officer is responsible;
- Chief Officer summaries - the net revenue expenditure by division of service, fund, type of expenditure and income; and
- Fund summaries showing the net revenue requirement for each Fund supported by Committee summaries showing the net requirement for each Committee within the Fund.

Overall Financial Strategy

4. The City of London Corporation's overall financial strategy seeks to:
- Manage the effects/recovery of COVID-19s impact on the economy and the Corporation's income streams;
 - Maintain and enhance the financial strength of the City Corporation through its investment strategies for financial and property assets;
 - Pursue budget policies which seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives, such as Climate Action;
 - Create a stable framework for budgeting through effective financial planning, and;
 - Promote investment in capital projects which bring clear economic, policy or service benefits.
5. The medium-term financial strategies and budget policies for City's Cash are set out in Appendix 1. City Fund's medium-term financial strategy is included in the separate the City Fund report.

Current Position

6. With a global pandemic and worsening economic position, pressures and risks for the City Corporation's finances will continue into the 2021/22 fiscal year. The effect of COVID-19 has had a wide-ranging impact on the economy, including income losses from the closure of many services and facilities, and losses from rental income. With another national lockdown, delays in the economic recovery continue to be a significant risk for further income losses in 2021/22.

12% Budget Reduction

7. In response to the financial challenges, the City Corporation set a general budget reduction of 12% in 2021/22, plus the implementation of the new target operating model to secure organisational efficiencies. £4.7m savings are identified from 2021/22. As a result of these factors the Corporation has been able to reduce the financial gap across the medium term.

Progress with the Fundamental Review

8. A Fundamental Review commenced during 2019/20 to better align spending to key priorities identifying opportunities to increase income and make savings in the medium-term between (2020/21 to 2024/25), which do not impact on front line services. However, your Resource Allocation Sub Committee approved the re-phasing of Fundamental Review savings due in 2021/22 into 2022/23 because of the impact of COVID or pending further work on the TOM. For City Cash this has meant that £2.1m of Fundamental Review savings will be achieved in later years.

Flat Cash

9. The starting point for the 2021/22 budget is 'flat cash' from the previous resource allocation in 2020/21, with provision made for the pay award agreed by the December Establishment Committee. The Spending Review announcement on 25 November confirmed that there will not be a significant uplift in government funding and the Chancellor announced a public sector pay freeze for most workers. The reduction in CPI inflation should ease the pressure of living with flat cash budgets, from which the 12% savings will need to be achieved.

Latest forecast position

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

TABLE 1

CITY'S CASH

£m	2020/21	2021/22	2022/23	2023/24	2024/25
Deficit, incl. capital programme, and 12% savings (excluding Major Projects)	(105.2)	(78.1)	(25.3)	(44.8)	(26.1)
Major Projects	(5.9)	(9.4)	(10.5)	(90.4)	(80.2)
City's Cash combined deficit	(111.1)	(87.4)	(35.8)	(135.2)	(106.3)
Net assets balance	2,388.7	2,200.1	2,280.0	2,252.4	1,982.0
Additional savings flightpath for new priorities fund			(4.5)	(7.5)	(9.5)

11. The impact of COVID-19 has resulted in income losses from the closure of many services and facilities, especially the cancellation of the summer school at Guildhall School of Music and Drama (GSMD), and rental income from our property investment portfolio (forecast at a total loss of £4.1m). With another national lockdown, delays to economic recovery continues, and further losses on income are expected to continue into 2021/22, with £1.2m support to GSMD for loss of income, potentially rising to £1.8m (adding £0.6m to the COVID contingency) and loss in rental income of £2.9m.
12. The forecast includes the capital bids of £33.3m (including £15.6m loan to be recovered from CLSG over an anticipated 7-year period) approved by your January Finance Committee; as well as the 'business as usual' capital programme, financed through disposal of investment properties or securities; and the revenue costs of financing Major Projects.
13. Major Projects: The estimates include the revenue impact of financing the Markets project, although the business case is yet to be approved; and the courts element of the Fleet Street Project. Local authorities no longer provide accommodation for courts; but uniquely, the courts currently reside in City Fund. It is therefore time to review which fund should pay for the court element of Fleet Street, own it and decide on letting terms. Building a new court is to support London as a place to do business and, therefore, aligns with the remit of City's Cash. Additionally, given financial pressure, the case is less well made to spend taxpayers' money on a new court building, given other priorities within City Fund's operational portfolio. Stress testing has shown that City's Cash is able to cover the costs. Police accommodation and investment property elements of the Fleet Street project remain with City Fund.
14. Over the period the cumulative draw down on investments is £476m (including the sums required for the capital programme). This represents a diminution of £407m of the net asset balance on the balance sheet over the period. Financial modelling/stress testing indicates this sum is sustainable over the medium-term.

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

15. Before addressing the immediate pressures in 2021/22, it is important to respond to the scale of the medium-term challenge for City's Cash and to take the steps now to ensure that we can take a strategic and prioritised response to the big challenges that we expect to emerge in the longer-term.
16. This requires action on both revenue; through additional flightpath savings, continuation of the Fundamental Review, and prudent capital budgets. On the major projects, Members will want to consider options, including
 - Consideration of current fund classification for each project, including the transfer of the court element of Fleet Street project.

Additional Revenue Requests

17. Your Policy and Resources Committee and Finance Committee have communicated clearly over the last six months that increased revenue pressures are to be accommodated by reprioritising existing budgets; and have signalled an expectation that additional pressures that might arise during 2021/22 will be absorbed within local risk budgets.

CITY'S CASH

18. The 2020/21 and 2021/22 budgets for City's Cash are set out below. They have been prepared within the planning frameworks agreed by your Resource Allocation Sub-Committee shown at Appendix 1.

City Cash Summary	2020/21	2020/21	2021/22
	Original	Latest	Original
Gross Revenue Expenditure	(102.3)	(115.5)	(113.5)
Gross Revenue Income	64.3	58.4	62.7
Operating Deficit funded by drawdown	(38.0)	(57.1)	(50.8)

19. City's Cash net expenditure is £19.1m higher comparing the latest 2020/21 budget with the original budget. Other main movements comprise of: carry forwards of £4.2m; impact of COVID currently at £9.6m (including COVID support and loss in rental income), increase on capital expenditure of £5.3m (£3.9m relating to Barking site goodwill).
20. The budget for 2021/22 reduces by £6.3m when comparing the 2021/22 Original budget to the 2020-21 Latest.

	£m
2020/21 Latest Budget	(57.1)
Release of Carry Forwards - 2019/20	4.1
Additional COVID support	(1.3)
Savings (including 12%, TOM and FR)	6.9
Increase in Supplementary Revenue Projects	(3.4)
2021/22 Original Budget	(50.8)

21. The net positions for 2020/21 and 2021/22 are summarised by Committee in Appendix 2. Reserves are available to meet the estimated deficit in the current year and in 2021/22.

GUILDHALL ADMINISTRATION

Overall Budget Position

22. Guildhall Administration encompasses most of the central support services for the City, with the costs being fully recovered from the three main City Funds, Housing Revenue Account, Museum of London and other external bodies in accordance with the level of support provided. Consequently, after recovery of costs, the net expenditure on Guildhall Administration is nil. The table below summarises the position.
23. The gross expenditure for Guildhall Administration is recovered across all funds. Increased costs in 2020/21 arose from carry forward requests.
24. The 2021/22 budget includes a decrease following a general 12% reduction in departmental savings.
25. The current policy of the City Corporation is to absorb within City's Cash the administrative costs applicable to the charities of which it is sole trustee. This covers expenditure such as the audit fee and time spent on accounts preparation and treasury management. Whilst considering the broader implications of its current financial position, it is considered appropriate for City's Cash to now recover the reasonable costs and expenses incurred on behalf of each charity, as from 2021/22. The resulting savings for City's Cash will contribute to the 12% and efficiency savings.
26. Appendix 3 shows the budgets by committee.

Capital and Supplementary Revenue Project Forecast Expenditure and Funding

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

City Cash Capital Programme	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
Capital programme - BAU	49.5	16.4	4.1	31.6	6.6
Supplementary Revenue Project	4.0	7.3	4.1	1.1	1.0
New bids including loans	0.0	20.2	3.2	0.5	0.0
Climate Action	0.0	2.5	1.7	1.5	1.6
Total Capital Programme (excluding Major Projects)	53.5	46.5	13.2	34.7	9.2
Major Projects	86.5	128.4	61.3	226.6	298.1
Total Capital Programme (including Major Projects)	140.0	174.8	74.5	261.3	307.2

28. The City's Cash capital and supplementary revenue project budgets are contained within the Summary Budget Book. They comprise forecasts of expenditure against budgets which have been approved to spend in accordance with the relevant governance arrangements e.g. corporate projects procedure, Capital Buildings Committee approvals etc. The latest forecasts of City's Cash 2021/22 capital and supplementary revenue project expenditure against approved budgets (included within the figures in the table above) amount to £33.3m (including the loan facility to CLSG). This excludes the indicative costs of schemes awaiting approval.
29. In order to ensure future capital expenditure is aligned to key priorities, an annual bid process was introduced for all potential schemes commencing 2021/22. Your Resource Allocation Sub-Committee has carried out a robust review of all service capital bids and agreed those bids to be prioritised.
30. Central funding of up to £17.7m for City's Cash meets the cost of the 2021/22 new bids. Release of such funding will be subject to approval at the relevant Gateway and specific agreement of the Resource Allocation Sub-Committee at Gateway 4(a).
31. In addition, approval to the allocation of central funding to provide an internal loan facility of up to £15.6m for the City of London School to progress its masterplan is also requested – release of such funding also being subject to approval at the relevant Gateway and separate approval of the loan terms and conditions.
32. The financing of the City's Cash capital and supplementary revenue projects programmes needs to reflect the optimum reserves position of each fund. Therefore, approval is sought for authority to be delegated to the Chamberlain to determine the final financing of capital and supplementary revenue project expenditure.

Risk

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

Within the City's control:

- Delays in delivery of the new target operating model, delaying organisational efficiencies.
- Further delays in delivery of income generation schemes under the Fundamental Review.

Outside the City's control:

- Delays in the economic recovery following impact of COVID-19, increasing the risk for further income losses in 2021/22
- rental income reduction from our commercial property as a result of increased voids.

Conclusion

34. There has been a significant effort across City's Cash to commit to delivering on

12% savings required to underpin a sustainable MTFP, meet the increased funding requirement flowing from the adoption of a major projects programme, and mitigate the impact of COVID-19. Pressures across a range of existing revenue and capital budgets mean that deficits are forecast across the medium-term planning horizon.

In 2021/22, we will draw down on our reserves to bring the fund into balance. This measure is sustainable in the short term, but not in the longer 10-year horizon when the financing costs on the major projects increase.

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

DATED this 16th day of February 2021.

SIGNED on behalf of the Committee.

Jeremy Paul Mayhew
Chairman, Finance Committee

Appendices

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

City's Cash Medium Term Financial Strategy/Budget Policy

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

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

CITY'S CASH Budget

City's Cash 2020/21 and 2021/22 budgets shown by Committee in the table below:

City's Cash Summary by Committee	2020/21 Original £m	2020/21 Latest £m	2021/22 Original £m
<i>Net Expenditure (Income)</i>			
Culture, Heritage & Libraries	(0.6)	(0.9)	(0.4)
Education Board	(2.8)	(3.2)	(2.5)
Finance	(28.4)	(36.6)	(43.3)
G. P. Committee of Aldermen	(4.1)	(4.1)	(3.8)
Guildhall School of Music and Drama	(12.9)	(12.3)	(14.1)
Markets	(0.6)	(0.8)	0.0
Open Spaces :-			
Open Spaces Directorate	0.0	0.0	0.0
Epping Forest and Commons	(8.6)	(8.4)	(6.9)
Hampstead, Queen's Pk, Highgate Wd	(7.7)	(7.4)	(6.1)
Bunhill Fields	(0.5)	(0.3)	(0.5)
West Ham Park	(1.3)	(1.3)	(1.1)
Policy and Resources	(17.9)	(20.7)	(17.6)
Property Investment Board	51.9	43.3	49.8
Schools :-			
City of London School (1)	(1.9)	(1.8)	(1.7)
City of London Freeman's School (1)	(1.8)	(1.9)	(1.8)
City of London School for Girls (1)	(0.8)	(0.7)	(0.8)
(Deficit) Surplus (from) to reserves	(38.0)	(57.1)	(50.8)

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

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

		2020/21 Original £m	2020/21 Latest £m	2021/22 Original £m
1	Net expenditure on services	(93.6)	(106.4)	(100.8)
2	Cyclical Works Programme and SRP's	(8.7)	(9.1)	(12.7)
3	Estate rent income	59.3	53.1	57.5
4	Non-property investment income	2.6	2.9	3.1
5	Interest on balances	0.3	0.8	0.4
6	Operating (Deficit) Surplus	(40.1)	(58.7)	(52.5)
7	Profit on asset sales/deferred income	2.1	1.6	1.7
8	(Deficit) Surplus funded by drawdown	(38.0)	(57.1)	(50.8)

2. The City's Cash position in the current year is expected to be a deficit of £57.1m compared to £38.0m in the original budget. The deficit will be funded with a drawdown of investments.

GUILDHALL ADMINISTRATION

1. Shown by Committee is the table below:

Guildhall Administration by Committee Net (Expenditure)	2020/21 Original £m	2020/21 Latest £m	2021/22 Original £m
Establishment - Town Clerk & C&CS	(9.6)	(10.1)	(8.6)
Finance - Chamberlain	(39.0)	(39.4)	(36.8)
Finance - City Surveyor, Remembrancer and Town Clerk	(26.3)	(25.8)	(23.5)
Total Net Expenditure	(74.9)	(75.3)	(68.9)
Recovery of Costs	74.9	75.3	68.9
Total Guildhall Administration	0	0	0

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

The net expenditure for 2021/22 is £68.9m, a decrease of £6.0m from the 2020/21 original budget.

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Report – Finance Committee

Bridge House Estates (BHE) – Revenue Budget 2021/22 and Medium-Term Financial Plan

To be presented on Thursday, 4th March 2020

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

SUMMARY

This report provides an update on the 2020/21 forecast and presents the 2021/22 revenue budget and Medium-term Financial Plan (MTFP), covering 2022/23 – 2024/25, for Bridge House Estates.

The charity has been affected financially as a result of Covid-19, with uncertainties on the level of rental income receivable, reductions in investment growth, and the closure of Tower Bridge as a visitor attraction for lengthy periods. The Charity Commission expects Trustees to recognise at an early stage if a charity is facing financial difficulties and to undertake robust forecasting. Reconsidering financial plans as a result of scenario planning and taking appropriate decisions enables a Trustee to comply with its duties.

Prudent management of unrestricted income funds has nonetheless ensured that the charity has sufficient funds available to meet its primary objective, the support and maintenance of its five Thames bridges. In considering its ancillary purpose, that of charitable funding for broad charitable purposes for the general benefit of the inhabitants of Greater London under the charity's Bridging Divides 2018-23 policy, this report presents a cautious approach to the release of funding designated for this purpose. Following detailed analysis and reflection, it is recommended that £20m of the £200m unrestricted income funds previously allocated for charitable funding be retained within this designated fund until such time as the charity is able to confirm if the original allocation of income funds can be supported. Alongside this, it is recommended that free reserves are maintained at between £33-55m above the approved policy level of £35m across the planning period as a further risk mitigation, as scenario planning suggests that these funds may be required to meet the primary objective or maintain the agreed free reserves amount. Members should note the potential future opportunity available in utilising investment growth within the permanent endowment fund as income, should the new Supplemental Royal Charter be adopted.

Recommendations

Following your Finance Committee's consideration of this report, it is recommended that the Members of the Court of Common Council, acting for the City Corporation as the charity trustee of Bridge House Estates and solely in the charity's best interests:

1. Note the latest revenue forecast for 2020/21 (paragraphs 6 to 7)
2. Approve the 2021/22 revenue budget and Medium-Term Financial Plan for period 2022/23 – 2024/25 (paragraphs 8 to 10)
3. Approve that the additional allocation of income reserves available for charitable funding be held at £180m, a reduction of £20m from the sum allocated in March 2020, until a further forecast is presented for review (paragraph 12)
4. Approve that free reserves are maintained at between £33-55m over and above the agreed policy of £35m across the period of the Medium-Term Financial Plan as a mitigation against the uncertain period in which the charity is operating (paragraph 11)
5. Approve the 2021/22 capital and supplementary revenue project budgets (paragraph 16)
6. Note that a revised Medium-Term Financial Plan for the charity will be presented for approval, should the power for total return accounting for endowed charities be granted by Supplemental Royal Charter currently under consideration by the Privy Council's Office – timing to be confirmed (paragraph 15)

Main Report

Background

1. Bridge House Estates (BHE) is an unincorporated charitable trust and a registered charity (Registered Charity Number 1035628). It is currently the 7th largest charity in the UK in terms of asset valuation. The charity is permanently endowed, which imposes particular restrictions and legal duties on the charity's trustee. The City of London Corporation (the City Corporation), acting by its Court of Common Council, is BHE's sole corporate Trustee.

2. In acting as charity Trustee, the City Corporation has a legal obligation to always act solely in the best interests of BHE. Consistent with their duties, trustees are required to:

- a. administer their charity with reasonable care and skill;
- b. act responsibly and honestly, and demonstrate that they are complying with the law.

In the current crisis, the Charity Commission has issued guidance advising trustees to keep their charity's operations and finances under regular review and take any additional actions as necessary. The starting point for this is stated as always being what is in the charity's best interests.

3. The primary purpose of this report is to present an update on the BHE budget for 2020/21, the budget for 2021/22 and the Medium-Term Financial Plan (MTFP) covering the period 2022/23 – 2024/25. These have been prepared in line with the policy guidelines and assumptions as set out in Appendix 1.

4. The over-arching strategy for BHE 'Bridging London', as approved by the Court of Common Council in October 2020, has the vision that 'Every person in London becomes truly connected'. BHE wants to see a flourishing society, where every person in London is truly connected - physically by world-class sustainable bridges and connected socially and digitally through thriving communities that have access to a diversity of social, cultural and economic opportunities. To achieve this vision, BHE delivers upon its primary object by supporting and maintaining its five Thames bridges, and utilises any available surplus income each year to advance its ancillary purposes – being charitable funding under the 'Bridging Divides 2018-23' funding policy aimed at tackling inequality. Prior to confirming the level of surplus income, free reserves of £35m are required to be maintained, as approved by Members in March 2020.

5. Members will be aware that this is a transitional period for BHE, as we await approval of the Supplemental Royal Charter (see Appendix 4), and implement agreed actions from the BHE Strategic Review; whilst being mindful of the City Corporation's Livvane Review and Target Operating Model (TOM) recommendations for changes to the Trustee's own internal governance arrangements, which will impact upon the charity's management and operation by the City Corporation as Trustee. The new Supplemental Royal Charter is expected to grant powers which would enable gains on investments held within the permanent endowment fund to be utilised as income, with such gains currently not available to support the activities of the charity.

Current Position – update on 2020/21 budget

6. The original budget for BHE was approved prior to the impacts of the Coronavirus pandemic being felt, which have had a significant impact on the financial position of the charity. Members are aware of the reductions in investment income alongside the closure of Tower Bridge as a visitor attraction, with the date for reopening in 2021 yet to be announced. The establishment of the London Community Response Fund (LCRF) within BHE's ancillary object has led to charitable funding activities increasing from the original budget of £27.1m to £46.3m (net of external grant income to date to the LCRF of £16.5m). This increase is funded from the unrestricted income fund held by BHE and will lead to a significant in-year deficit. Note that the external LCRF income & grants issued against this have not been included in the forecast figures presented, so as not to distort the financial position.

Table 1: Update on 2020/21 budget

Statement of Financial Activities	2019/20 Actual £m	2020/21 original budget £m	2020/21 latest forecast £m
Income	46.6	38.4	31.3
Expenditure	(62.8)	(56.5)	(84.6)
	(16.2)	(18.1)	(53.2)
Gains/(losses) on investments/pension scheme	57.9	60.0	(54.0)
Net movement in funds	41.7	41.9	(107.2)
Funds b/f as 01 April 2020	1,494.7	1,536.4	1,536.4
Total funds c/f	1,536.4	1,578.3	1,429.2
Funds of the charity:			
Permanent endowment funds	984.2	1,040.0	903.0
Restricted Funds	2.8	0.0	0.0
Designated funds	440.7	456.7	436.3
Free reserves	108.7	81.6	89.9
	1,536.4	1,578.3	1,429.2

7. The City Bridge Trust (CBT) budget of £125m set for expenditure on the charity's ancillary object under the Bridging Divides 2018-23 strategy, was set over the five-year period with flexibility to spend those funds as the CBT Committee considered appropriate within that period, subject to annual review. This budget is funded from surplus income earned by BHE in each year. Earlier this year, in responding to the impact of Covid-19 upon the voluntary sector in London, CBT Committee agreed to "re-profile" their five-year Bridging Divides budget to increase the sums available for expenditure in 2020/21 (Year 3), thereby reducing the sums available for expenditure in Years 4 and 5. By omission, a decision on this in-year budget adjustment was not referred to P&R and Finance Committees, or to Court. This revised profile is included within the latest forecast for 2020/21 (Table 1) and within the MTFP presented in Table 2. As this budget is funded from annual income, this change will require underpinning from the general reserves of BHE.

2021/22 Revenue budget and Medium-term forecast position

Forecast position within current governance arrangements

8. BHE delivers upon its primary object by supporting and maintaining its five Thames bridges, and utilises any available surplus income to advance its ancillary purposes. Gains made on investments representing the unrestricted income funds are available to support both primary and ancillary objectives.

9. The financial overview for 2021/22 and across the medium-term planning horizon is shown in table 2 below:

Table 2:

Statement of Financial Activities	2020/21 latest forecast £m	2021/22 budget £m	2022/23 forecast £m	2023/24 forecast £m	2024/25 forecast £m
Surplus/(Deficit) prior to charitable giving	(3.6)	(4.5)	(1.7)	8.3	8.8
Charitable giving	(49.7)	(110.5)	(109.5)	(29.5)	(28.6)
	(53.2)	(115.1)	(111.3)	(21.2)	(19.8)
Gains/(losses) on investments/pension scheme	(54.0)	69.3	68.0	50.9	52.7
Net movement in funds	(107.2)	(45.8)	(43.3)	29.7	32.9
Funds b/f as 01 April 2020	1,536.4	1,429.2	1,383.4	1,340.1	1,369.7
Total funds c/f	1,429.2	1,383.4	1,340.1	1,369.7	1,402.7
Funds of the charity:					
Permanent endowment funds	903.0	946.0	991.0	1,023.0	1,055.0
Restricted Funds	0.0	0.0	0.0	0.0	0.0
Designated funds	436.3	355.9	272.2	275.3	280.1
Free reserves	89.9	81.5	76.9	71.4	67.6
	1,429.2	1,383.4	1,340.1	1,369.7	1,402.7

10. The 2021/22 budget presents a revenue deficit of £115.1m, driven by commitments funded from the grant-making designated fund. A similar deficit level is reported within the following year, with the overall net movement in funds (after gains/losses) also presenting a deficit in these 2 years before turning positive from 2023/24. The level of designated funds held reduces from 2021/22 due to these high levels of grant commitments, so reducing the total asset value of the charity. Members should note that the permanent endowment fund is forecast to have continued growth, which is not available to cover expenditure. Assumptions and key risks for 2021/22 and the planning period include:

Income

(a) Investment property income is included at levels forecast by the City Surveyor, which included a £600k provision for rent free periods within 2020/21. 2021/22 includes a provision of £1.4m for turnover rents, for tenant categories as defined by the Property Investment Board. Future years are currently maintained at original forecast levels. A potential scenario could be that forecast income reduces by 10%, at which BHE would suffer a £10.5m loss in unrestricted income across the planning period.

(b) A cautious recovery has been forecast for Tower Bridge tourism activities in 2021/22, with income at roughly 40% of levels prior to the pandemic. Furlough income is not included post 2020/21. A near break-even position is forecast in 2022/23 (after accounting for all applicable central recharges). Over the MTFP period, this equates to a £4.4m net draw on reserves to the charity. With the next reopening date for 2021 unknown as this report is written, caution is required.

Expenditure

(c) Within previous revenue budgets presented to Members, the annual maintenance costs for the five bridges have been separately stated within capital and supplementary

revenue expenditure forecasts, the exception being operational costs for Tower Bridge. From 2021/22, internal reporting is to be brought into line with statutory reporting, with full costs now presented in revenue forecasts as part of the 'surplus/(deficit) prior to charitable giving' in Table 2 above, shown in detail within appendix 2 as part of charitable expenditure.

(d) Several additional/increased commitments for BHE have been confirmed during this year for 2021/22, including activities relating to policing (£305k) and enforcement activities (£134k) on the bridges. Of the £1.0m approved in 2018 for the BHE Strategic Review Fund, £959k has been committed. Of this, £155k is budgeted to be spent in 2021/22, with the fund now closed to new bids. Costs for the implementation of activities resulting from the Strategic Review are also budgeted within the year (£275k).

(e) The above 2021/22 budget and MTFP has assumed that the full £125m approved for the Bridging Divides funding policy over five years will be committed, covering up to March 2023. An annual allocation of £25m is currently recommended for the following two years within the MTFP period.

Funds

(f) Alongside the costs noted at (c), annual transfers to the Bridges Repair designated fund are provided for, to ensure that the charity maintains this fund at the higher of the next five years' forecast expenditure or five years average costs across the 50-year plan. With planned projects having slipped, due to issues such as the Thames Tideway works being accommodated, the balance on this fund currently represents the former.

(g) The 2021/22 budget and MTFP include an assumption of 4.95% growth (gross of fees) in financial investments, with the majority of this driving gains within the unrestricted income fund due to the basis upon which securities are held. To consider:

i) Reductions in this rate of return have minimal impact on the annual deficit, however, they result in lower gains and therefore less unrestricted income funds available to fund the activities of the charity.

ii) Reductions further create an immediate need to increase amounts set aside within certain designated funds, notably that for bridge replacement, to ensure that sufficient provision is held for the future in a lower return environment.

iii) The cumulative nature of the bridge replacement fund means that if current/future growth levels reduce, a higher base amount is required to be held.

Appendix 3 sets out the financial impact of reductions in returns from securities for a couple of scenarios of future levels of charitable funding.

11. The above analysis of potential impacts highlights the complex and uncertain environment in which BHE exists. Minor movements in assumptions impact directly upon the level of free reserves held, alongside the amounts of unrestricted income required to be held within the established designated funds – notably for future needs of the bridges. The scenarios stated in Appendix 3 lead to the recommendation for

Members to consider retaining between £33-55m of unrestricted income reserves over and above the minimum policy requirement for free reserves of £35m, as agreed by Court in March 2020, as a mitigation against potential income and growth uncertainties across the planning period.

12. Of the additional £200m approved by Court in March 2020 for charitable funding, £180m has been assumed to remain available for commitment to application or expenditure for the ancillary objective despite the above uncertainties, with the remaining balance of £20m being retained within the grants designated fund until such time as the charity is able to reconsider its financial position having reflected on the assumptions driving financial performance and undertaken further analysis. Members can be reassured that further review will not prevent CBT from continuing its activities, with a significant sum having been designated for charitable funding. Together, the recommendation here and in paragraph 11 will enable BHE to maintain appropriate levels of reserves to mitigate the risks highlighted in this report.

Impact of potential changes to the Charity's governing documents

13. As stated in Appendix 4, BHE expects to be granted the power to adopt total return accounting for endowment funds within the new Supplemental Royal Charter. The total return accounting approach to investments held within a permanent endowment fund allows any of the increase in the value of the capital investment to be utilised as income. Funds are invested to maximise the return on investment without regard to whether that return is in the form of income or capital appreciation. The trustees decide each year how much of that total return within the endowment fund is released to income for spending against the objectives and how much is retained for investment (within the scope of the powers available to the charity). The allocation is made on an equitable basis to balance the need to fund current activities as well as to invest returns for the future. Trustees can therefore unlock capital gains which would otherwise be retained within the endowment. The decision on how much to spend is subject to an ongoing duty for the trustees to manage their investments in a manner that enables the charity to further its aims both now and in the future, and appropriate limits have been incorporated into the drafting of the new Supplemental Charter provisions.

14. Where a charity holds permanent endowment funds, but does not adopt total return accounting, rigid rules are in place whereby capital gains are reinvested and are unavailable to be spent on objectives. A charity can become less able to meet current needs when income from dividends, rentals etc. is low, yet capital gains are high. The term 'asset rich, yet cash poor' would apply, with the potential for less optimal investment decisions being made as a result. This is the current position for BHE, as presented in Table 2, with the permanent endowment fund continuing to grow and the unrestricted income fund reducing.

15. Should the request for total return accounting for endowment funds be approved, revised financial modelling will be required for BHE. This will reflect the express duty for the Trustee to act in good faith in a manner that will not prejudice the charity's ability to further the primary objective now and in the future. Members are therefore requested to note that a revised MTFP will be prepared for BHE following approval of

the new Supplemental Royal Charter. Revisions would also reflect any changes as a result of a revised investment strategy to be adopted for BHE.

Capital and supplementary revenue project forecast expenditure

16. The BHE capital and supplementary revenue project budgets are contained within the Summary Budget Book. They comprise forecasts of expenditure against budgets which have been approved to spend in accordance with the relevant governance arrangements. The majority of this expenditure relates to the programme of improvements relating to the charity's investment property portfolio, which includes costs relating to the Climate Action Plan. The total anticipated costs are as stated in Table 4. As stated in paragraph 10(c), bridge repair costs are now incorporated within annual revenue budgets, to match statutory reporting requirements.

Table 4: Capital & Supplementary Revenue Projects

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Designated Sales Pool	36,836	43,053	23,400	5,800	2,240	1,840	920	114,089
Income Fund	179	454	171	93	91	91	0	1,079
Bridges Repairs	3,640	10,269	5,110	1,560	0	0	0	20,579
	40,655	53,776	28,681	7,453	2,331	1,931	920	135,747

Risk

17. There are risks to the achievement of the budget and forecasts presented, as noted within paragraph 10. Continued careful monitoring of reserve levels is required in mitigation, noting that the income funds available for the ancillary object (charitable funding) will only be that assessed within a financial year as being surplus to that required for the primary object (that required for the maintenance and support of the five bridges now and in the future).

Conclusion

18. The above sets out the uncertain times within which this forecast is presented and reflects on the fact that this is a transitional period for BHE as we await approval of the Supplemental Royal Charter. Members are recommended to approve the revenue budget for 2021/22 and the MTFP for the period 2022/23 – 2024/25 and to approve that the additional allocation of income reserves designated to charitable funding of £200m be maintained, but with £20m retained within the designated fund until a further forecast is presented for review and approval. As a further mitigation against risk, Members are recommended to maintain unrestricted income funds at between £33-55m above the approved reserves policy of £35m.

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

DATED this 16th day of February 2021.

SIGNED on behalf of the Committee.

Jeremy Paul Mayhew
Chairman, Finance Committee

Appendices

- Appendix 1 – Financial plan strategy & assumptions
- Appendix 2 – 2021/22 budget & medium-term financial plan
- Appendix 3 – Potential scenarios based on reduced growth rates on financial securities
- Appendix 4 – BHE Strategic Governance Review

Appendix 1

Medium Term Financial Strategy & Assumptions

The strategy and assumptions in relation to Bridge House Estates are all anchored in the best interests of the charity and are as follows:

1. Adhering to a planning framework which focuses on ensuring efficiency and effectiveness within all expenditure, rather than the budget reductions and savings programmes applied to other funds of the City Corporation.
2. With the maintenance and support of the five Thames bridges being the primary objective of the charity, sufficient net income is required to be generated over the medium term to finance both ongoing support and maintenance needs, and to set aside sufficient funds to cover the eventual replacement costs of each bridge in the long term.
3. After the responsibilities relating to the bridges have been met, free reserves are to be maintained at a minimum of £35m with surplus income being available to be utilised for other charitable purposes, undertaken by the City Bridge trust (CBT).
4. Continuing to seek property investment opportunities to enhance income/provide capital appreciation during the year subject to any financing being met from the BHE Designated Sales Pool (DSP). Requirements under the Climate Action Plan that are related to investment properties to be funded from the DSP.
5. Assumptions relating to inflation (as applied to costs relating to the bridges) and investment growth:

	2020-21	2021-22	2022-23	2023-24	Ongoing
Inflation - Pay	2.00%	0.00%	2.00%	2.00%	2.00%
Inflation - Other	2.00%	2.00%	2.00%	2.00%	2.00%
Bank Base Rate	0.10%	0.10%	0.10%	0.10%	0.10%
Securities Growth	4.95%	4.95%	4.95%	4.95%	4.95%
Securities fees	0.75%	0.75%	0.75%	0.75%	0.75%
Property Growth	-10.00%	5.00%	5.00%	3.10%	3.10%
Property Yields (Rental income)	Forecast	Forecast	Forecast	Forecast	Flat

Appendix 2

Medium term financial plan

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	actuals	latest	forecast	forecast	forecast	forecast
	£m	£m	£m	£m	£m	£m
Voluntary income	1.8	0.0	0.0	0.0	0.0	0.0
Charitable activities - Tower Bridge	6.7	1.7	2.7	6.3	6.5	6.9
Investment income:						
- Property Investments	34.6	26.1	26.9	28.6	30.8	32.2
- Financial Investments	2.5	2.4	2.8	2.9	3.0	3.0
- Interest receivable	0.8	0.7	0.4	0.5	0.7	1.0
Total Investment income	37.9	29.2	30.1	31.9	34.5	36.2
Other income	0.2	0.4	0.4	0.4	0.4	0.4
Total income	46.6	31.3	33.2	38.6	41.4	43.5
Raising funds:						
- Property Investments	(10.2)	(9.8)	(9.3)	(9.5)	(9.7)	(9.9)
- Financial Investments	(5.1)	(6.1)	(5.1)	(4.5)	(3.8)	(3.9)
Total expenditure on raising funds	(15.3)	(15.9)	(14.5)	(14.0)	(13.5)	(13.8)
Charitable activities:						
- Repair & maintenance of bridges	(6.5)	(13.1)	(17.5)	(18.9)	(12.0)	(13.3)
- Tower Bridge	(6.2)	(4.8)	(4.7)	(6.3)	(6.4)	(6.5)
- Charitable funding	(33.7)	(49.7)	(110.5)	(109.5)	(29.5)	(28.6)
Total expenditure on charitable activities	(46.4)	(67.5)	(132.7)	(134.7)	(47.9)	(48.3)
Other expenditure - pension scheme costs	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)
Total expenditure	(62.8)	(84.6)	(148.3)	(149.9)	(62.6)	(63.3)
Net (expenditure)/income	(16.2)	(53.2)	(115.1)	(111.3)	(21.2)	(19.8)
Gains/(losses) on investments/pension scheme	57.9	(54.0)	69.3	68.0	50.9	52.7
Net movement in funds	41.7	(107.2)	(45.8)	(43.3)	29.7	32.9
Funds b/f as 01 April	1,494.7	1,536.4	1,429.2	1,383.4	1,340.1	1,369.7
Total funds c/f	1,536.4	1,429.2	1,383.4	1,340.1	1,369.7	1,402.7
Funds of the charity:						
Permanent endowment funds	984.2	903.0	946.0	991.0	1,023.0	1,055.0
Restricted Funds	2.8	0.0	0.0	0.0	0.0	0.0
Designated funds:						
Bridges repairs	41.7	44.7	33.5	23.4	20.9	18.5
Bridges replacement	158.5	168.7	174.5	180.5	186.7	193.2
Grant-making	219.2	201.2	126.0	46.0	45.0	45.0
Social investment fund	20.9	21.3	21.5	21.9	22.3	22.9
Property dilapidations/service charges	0.4	0.4	0.4	0.4	0.4	0.4
	440.7	436.3	355.9	272.2	275.3	280.1
General funds	127.6	109.2	101.1	97.0	91.9	88.5
Pension reserve	(18.9)	(19.3)	(19.7)	(20.1)	(20.5)	(20.9)
Free reserves	108.7	89.9	81.5	76.9	71.4	67.6
	1,536.4	1,429.2	1,383.4	1,340.1	1,369.7	1,402.7

Appendix 3

Potential scenarios based on reduced growth rates on financial securities

Impact	Annual deficit	Unrealised gains	Designated funds	Free reserves
Regular charitable-funding at £25m pa 2023/24 onwards				
Reduction in growth by 1% to 3.95%	Minimal	Reduction of £6-8m pa	Year 1 increase in value required by £19m	Negative free reserves from 2023/24 onwards
Reduction in growth by 2% to 2.95%	Minimal	Reduction of £11-13m pa	Year 1 increase in value required by £44m	Negative free reserves from 2022/23 onwards

Impact	Annual deficit	Unrealised gains	Designated funds	Free reserves
Regular charitable-funding at £15m pa 2023/24 onwards				
Reduction in growth by 1% to 3.95%	Minimal	Reduction of £6-7m pa	Year 1 increase in value required by £19m	Remain positive throughout MTFP period
Reduction in growth by 2% to 2.95%	Minimal	Reduction of £11-12m pa	Year 1 increase in value required by £44m	Negative free reserves in 2022/23, returning to a positive balance of £10-35m

Appendix 4

BHE Strategic Governance Review: relevant updates

The BHE Strategic Governance Review was initiated to assess how the governance of BHE could be enhanced, to ultimately increase the reach and impact of the charity's activities and to model good practice. Relevant tasks to this report are:

Reconstitution of the permanent endowment fund

During the financial year 2017/18, BHE undertook a review of its funds held. This concluded that a substantial portion of the charity's assets were held as permanent endowment, a fund which was reconstituted within the financial statements of the charity. These capital funds must be retained and cannot be spent on the charity's purposes. At present, the endowment fund is invested in property, together with approximately 12% of financial securities held by BHE. Under the current governance powers held by BHE, any capital gains made on the assets that represent the endowment are required to be reinvested and are unavailable to be spent on its objectives. As a result, changes in the value of the investments held within the endowment fund do not impact upon the funding available for activities undertaken by BHE.

Supplemental Royal Charter

The current focus of the Strategic Governance Review is on the additional powers being sought through the Privy Council's Office (PCO) by grant of a new Supplemental Royal Charter. The changes being pursued intend to:

- (a) provide clarity or remove obsolete provisions;
- (b) provide greater flexibility in the application of funds;
- (c) provide more modern and flexible powers in relation to administration; and
- (d) reflect good governance practice.

Relevant to this report is the power being sought to take a total return approach to investments held within the permanent endowment fund, so enabling access to an element of the capital gains that have accrued over recent years. Paragraph 13 of the main report explains the concept of 'total return accounting for endowed charities' and clarifies the impact on a future MTFP. Alongside this is the request for the power to borrow in relation to projects related to the bridges, so providing increased flexibility to BHE in the manner in which it could decide to fund future significant expenditure.

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Report – Establishment Committee

Draft Pay Policy Statement 2021/22

To be presented on Thursday, 4th March 2021

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

SUMMARY

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

The Statement has now been updated for 2021/22 and has been considered and approved by your Establishment and Policy and Resources Committees. It is now recommended to the Court for approval.

RECOMMENDATION

It is recommended that the Court considers and agrees the draft Pay Policy Statement for 2021/22 as set out in the Appendix to this report to ensure that the City Corporation meets its requirements under the Localism Act 2011.

MAIN REPORT

Background

1. The requirement for local authorities to produce Pay Policy Statements was introduced under section 38(1) of the Localism Act 2011 (the Act). This states that “A *relevant authority must prepare a pay policy statement for the financial year 2012-2013 and each subsequent financial year*”. In the City Corporation’s case, it is a “*relevant authority*” only in its capacity as a local authority. However, and in general, the City has not tried to distinguish in its Pay Policy Statements its local-authority capacities from any of its other undertakings, other than where these are specifically excluded from the remit of the 2011 Act.
2. The aim of the Act is that authorities should be open, transparent and accountable to local taxpayers, and this advice is repeated or expanded upon in various pieces of Government guidance, and a Code of Recommended Practice for Local Authorities on Data Transparency, having statutory effect. The main themes of these are transparency, fairness and accountability. Pay Policy Statements should set out the authority’s approach to issues relating to the pay of its workforce, and in particular to the pay of its “Chief Officers” and the pay of its lowest paid employees.

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

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

6. The only employees who could be caught by any of these definitions who are excluded from them under the 1989 Act are those employees engaged principally in clerical or secretarial support, or who are responsible for other support services.
7. The 1989 Act applies to the City only in its capacities as a local authority, police authority and port health authority. However, in keeping with the commitment to wider transparency in our Pay Policy Statements, the basic definitions of "Chief Officer" and "Deputy Chief Officer" given in the 1989 Act have been applied in our Pay Policy Statements to all relevant employees of the City Corporation, irrespective of the capacity or capacities they work under, other than where their duties are specifically excluded from the provisions of the Localism Act.

8. The Localism Act makes supplementary provisions relating to Pay Policy Statements in its section 39. This says that the authority's Pay Policy Statement must be approved by a resolution of the authority by the 31 March before the financial year to which it relates, that the Statement may (again by resolution of the authority) be subsequently amended after the beginning of the financial year, and that, as soon as is reasonably practicable after its approval or amendment, the Statement must be published on the authority's website.
9. The general notion of the Act in relation to the Statements is that *"the Act's provisions will ensure that communities have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility. In addition, the provisions will ensure that policies on the pay and reward of the most senior staff are set out clearly within the context of the pay of the wider workforce"*.

Current Position - City of London Pay Policy Statement 2021/22

10. A draft Pay Policy Statement for 2021/22 is attached. This was approved by your Establishment and Policy & Resources Committees in February and is now submitted for your consideration. It has been reordered from previous versions such that its main sections (after an introduction covering the legislative requirements in producing Statements) are now divided into a Policy Overview (Paragraphs 7-32), giving the background to policies relevant to the statutory requirements of Pay Policy Statements, and an account of Policy Implementation (Paragraphs 33-56), giving the current position of how such policies are implemented.
11. Given the extensive reordering of the material within it, a version showing tracked changes is not given, insofar as the tracking would be substantial, covering most of the Statement (and not in a particularly readable format), but significant changes to the text are highlighted, in Paragraphs 9, 10, 21, 28, 33, 38, 48, and 50 of the Statement.
12. Changes to figures and other essential factual requirements incorporated in each year's Statements are not highlighted, but the 2020/21 Statement is also attached as an Appendix should Members wish to make comparisons. The main figures from each year are easily compared as they are presented in tables which stand out from the body of the texts.
13. It should be noted that a Pay Policy Statement is not, as such, a "statement on pay policies", giving an account of all matters connected with remuneration in local authorities, but the putting into practice of a narrowly defined legislative requirement. The information presented by this statutory requirement has to be clear and accessible, and it is in keeping with that requirement to ensure that extraneous material is kept to a minimum.

Conclusion

14. To meet the requirements of the Localism Act, the City Corporation must agree and publish a Pay Policy Statement before each financial year. This report introduces for approval the draft Statement for 2021/22.

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

DATED this 30th day of January 2020.

SIGNED on behalf of the Committee.

Deputy Charles Edward Lord, OBE JP
Chair, Establishment Committee

Appendix 1 – Draft Policy Statement for 2021/22

Appendix 2 – Policy Statement for 2020/21

CITY OF LONDON CORPORATION
PAY POLICY STATEMENT 2021-2022

LEGISLATIVE OVERVIEW

1. Section 38(i) of the Localism Act 2011 (the Act) has required local authorities since the financial year 2012-2013 to produce a Pay Policy Statement in advance of each financial year. The Act requires local authorities to set out in their Statements their policies on a range of issues, particularly those relating to remuneration for their most senior and lowest-paid staff. This must include significant information on pay and reward for Chief Officers (as defined in the Local Government and Housing Act 1989). The Statement must be reviewed annually and agreed by “*a resolution of the authority*”, in the City of London Corporation’s case by the Court of Common Council. This document meets the requirements of the Act for the City of London Corporation for the financial year 2021-2022.
2. The provisions of the Act require that authorities are more open about their local policies and how local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks authorities to follow three principles when publishing data they hold: responding to public demand; releasing data in open formats available for re-use; and releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.
3. The Act applies to the City of London Corporation only in its capacity as a local authority. It should be noted that not all of the pay and employment costs incurred by the City of London Corporation are carried out in this capacity, or even funded from public resources. As well as having statutory local authority functions, the Corporation undertakes other public functions, such as those of a police authority and of a port health authority. It also has private and charitable functions which receive funding through income from endowment and trust funds, and the pay and employment costs of these functions are met from these funds and are outside the scope of the Act.
4. In general, and in keeping with the spirit of openness, this Statement does not try to distinguish between information which applies to the City Corporation as a local authority and that which applies to it in any of its other capacities. However, insofar as the Act specifically excludes police authorities from its remit, this Statement does not include information about Police Officers.
5. Likewise, paragraph 7 of the Government Guidance for authorities on “*Openness and accountability in local pay*” (which has statutory effect under s40 of the Act for authorities in the preparation of their Pay Policy Statements) advises that “*The provisions in the Act do not apply to the staff of local authority schools and therefore teaching staff need not be brought within the scope of a pay policy statement*”. The City of London Corporation does not directly manage any local authority schools, but it does directly run three independent schools, and while some information about the remuneration of the teaching staff in these schools is provided in the Statement, in general the Statement follows the Government Guidance and leaves teaching staff outside of its scope.

6. The Act does not require authorities to publish specific numerical data on pay and reward in their Pay Policy Statement. However, information in this Statement should fit with any data on pay and reward which is published separately. The City Corporation operates consistent pay policies which are applied across all of its functions. Further details of the current Grade structures and associated pay scales are provided below in the section on "Policy Overview" (paragraphs 11-17) and "Policy Implementation" (paragraphs 32 and 36-43).

POLICY OVERVIEW

Background and fundamental rationale

7. All pay and terms and conditions of service are locally negotiated with the Corporation's recognised trade unions or staff representatives. In 2006-2007 extensive work was undertaken on a review of pay and grading structures. As a result, the principles set out in the guidance to the Act have already generally been addressed although the Act set out some additional requirements which are covered by this Statement.
8. In 2007, the Corporation implemented a number of core principles, via collective agreement, to form the City Corporation's pay strategy. This now focusses on a balance between incremental progression, individual performance and contribution to the success of the organisation. The main body of City Corporation employees are paid according to a Grade structure of 10 Grades (Grades A-J), with the most senior posts in a separate Senior Management Grade. Both the A-J Grades and the Senior Management Grade retain incremental progression, but this has since 2007 been determined by performance measured through appraisal over the year 1 April - 31 March (in 2020, on account of the operational difficulties arising from the pandemic, this policy was waived for the year, such that failure to progress incrementally was by exception rather than through measured performance) .
9. The Grades D-J and the Senior Management Grade also have access to "Contribution Payments" for employees at the top of the Grades. Achievement of these is also determined by appraisal over the same time period (although this was again waived in 2020, with a default Contribution Payment of 3% of Base pay being awarded to all eligible staff, other than where no payment was given for exceptional reasons).
10. All increments and Contribution Payments are implemented from 1 October following the ending of the appraisal year, and Contribution Payments earned from appraisal are paid in the same October. A fundamental element of the general strategy (waived to some degree in 2020) is that achievement of payments related to performance is more onerous and exacting the more senior the member of staff.

Grading structure

11. All non-teaching staff employed by the City Corporation below the Senior Management Grade are allocated to one of the 10 A-J Grades, other than in a small number of exceptional cases, such as Apprentices. All such posts were reviewed under Job Evaluation, ranked in order and allocated to a Grade following the 2007 Review. The evaluation scheme was independently equalities-impact assessed to ensure that it

was inherently fair and unbiased. New posts and any existing posts that change their levels of responsibility etc. continue to be evaluated and ranked under the scheme. The scheme, how it is applied, the scoring mechanism and how scores relate to Grades are published on the Corporation's Intranet, so staff can be assured that the process is fair and transparent. In addition, there is an appeal mechanism agreed with the recognised trade unions and staff representatives.

12. Grades A-C are the lowest Grades in the City of London Corporation. Grade A has 3 increments and Grades B and C have 6 increments, and progression through each Grade can be achieved by annual incremental progression, subject to satisfactory performance. There is no Contribution Pay assessment. However, employees at the top of these Grades have the opportunity if they have undertaken exceptional work to be considered for a Recognition Award, up to a maximum level set corporately each year (this has been £500 in each year since 2010).
13. Grades D-J have 4 'core' increments and 2 'contribution' increments. Progression through the 4 'core' increments is subject to satisfactory performance. Progression into and through the 2 'contribution' increments requires performance to be at a higher than satisfactory level. Once at the top of the scale, for those who achieve the highest standards of performance and contribution, it is possible to earn a one-off non-consolidated Contribution Payment of up to 6% of basic pay depending on the assessed level of contribution over the previous year. The appraisal system recognises four levels of performance - Improvement Required, Good, Very Good and Outstanding, and those employees at the top of Grades D-J who achieve either of the top two ratings can receive a Contribution Payment. In 2019, those in receipt of a "Very Good" rating could receive a payment of between 1 and 5% of Basic salary, and those earning an "Outstanding" rating would receive a payment of 6% of Basic salary. The variable payment for "Very Good" ratings was introduced in 2019 to recognise that there could be distinctions in performance of those so assessed, above the level of "Good" but not meriting an "Outstanding" assessment.

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

14. The Senior Management Grade comprises the most senior roles in the organisation, as determined by Job Evaluation. Posts on the Senior Management Grade (SMG) are those which are the professional lead for a significant area of City Corporation business, with the nature of the professional responsibility held being that the postholders are not only directing the function for which they are responsible towards meeting corporate strategic goals but are required to determine from their professional point of view how these corporate goals should be constructed. As the SMG posts are distinct roles, they are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the Grade, which incorporates market factors as well as corporate importance. Any increase in salary (whether through incremental progression or a cost-of-living award) is entirely dependent on each individual being subject to a rigorous process of

assessment and evaluation, based on the contribution of the individual to the success of the organisation. SMG posts are not necessarily the best-paid in the organisation, as other posts in Grades I and J may be better paid than some SMG posts, depending on the separate market supplements applied to the Graded posts.

15. For the majority of the 2020-2021 year, the Senior Management Grade incorporated the following posts:

- Town Clerk & Chief Executive
- Chamberlain
- Comptroller & City Solicitor
- Remembrancer
- City Surveyor
- Director of the Built Environment
- Managing Director of the Barbican Centre
- Principal of the Guildhall School of Music & Drama
- Director of Community & Children's Services
- Director of the Economic Development Office
- Executive Director of Mansion House and the Central Criminal Court
- Director of HR
- Director of Consumer Protection & Markets
- Director of Open Spaces
- Chief Grants Officer & Director of the City Bridge Trust

16. Following approval by the Court of Common Council of a new Target Operating Model and Organisation Design, the Senior Management Grade will, from 1 April 2021, comprise the following posts:

- Town Clerk & Chief Executive
- Deputy Town Clerk & Chief Executive
- Chief Operating Officer
- Chamberlain & Chief Financial Officer
- Comptroller & City Solicitor
- Remembrancer
- City Surveyor & Executive Director, Property
- Executive Director, Community & Children's Services
- Executive Director, Environment
- Executive Director, Innovation & Growth
- Executive Director, Human Resources
- Assistant Town Clerk & Executive Director, Governance & Members' Services
- Executive Director, Communications & External Affairs
- Chief Strategy Officer
- Executive Director & Private Secretary to the Lord Mayor
- Executive Director & Private Secretary to the Chair of the Policy and Resources Committee
- Managing Director, Barbican Centre

- Managing Director, Bridge House Estates *
- Principal, Guildhall School of Music & Drama
- Open Spaces Director

The post marked * is subject to further review and is not yet finally confirmed, and not all posts will be occupied on 1 April, but it is expected that all appointments will be confirmed and filled in the early part of 2021-2022.

17. The Head Teachers of the City of London School, City of London School for Girls and City of London Freeman's School are not part of the Senior Management Grade for the purposes of pay (their pay is governed by a separate senior teaching pay scale, as outlined in paragraph 5). The pay of the post of Remembrancer is aligned to Senior Civil Service pay scales.
18. Following the principles outlined above, the pay ranges for the Senior Management Grade were set with reference to both job evaluation and an independent external market assessment. The principles of this were agreed by the Court of Common Council in 2007 and, subsequently, the specific unique range for each senior management post was agreed by the Establishment Committee in October 2007, subject to alteration thereafter when the duties or responsibilities of posts or other external factors relevant to their pay and reward change.

Other contractual payments

19. In addition to basic salary, all Graded staff are paid a London Weighting allowance which varies depending on where they are based and whether they are supplied by the employer with residential accommodation necessary for the purposes of fulfilling the duties of their job. This is to assist staff with the higher cost of living and working in London.
20. As most of the work of the organisation is undertaken in the City of London, there are some types of posts which are difficult to recruit to (e.g. lawyers, IT staff etc.). Accordingly, there is often the need to use market supplements to attract, recruit and retain highly sought-after skills. These, where used, can be applied to employees in Grades A-J. Any requests for a market supplement must be supported by independent market data and is considered by a panel of senior officers and, where appropriate depending on the amount proposed to be paid and the Grade of the post, by the Establishment Committee. All market supplement payments are kept under regular review, and regular reports on payments made are produced for the Establishment Committee.
21. The London Living Wage (LLW) has been applied as a minimum rate for all directly employed staff, including Apprentices, since April 2017. Casual staff and agency workers have also been paid the London Living Wage since 2014. Until 2018, LLW increases were applied from 1 April each year in line with the most recently announced LLW increase. However, in October 2018, the City Corporation's Policy & Resources Committee agreed that LLW increases should be applied in this and future years to

affected employees and other staff from the date of the increase's announcement, which in 2020 was on 9 November (an increase of 0.9%).

22. The Establishment Committee has specific authority to deal with or make recommendations to the Court of Common Council where appropriate on all matters relating to the employment of City of London Corporation employees where such matters are not specifically delegated to another Committee. These matters include the remuneration of senior officers. The Establishment Committee has delegated this to its Senior Remuneration Sub-Committee.

Transparency

23. The Government guidance to the Act (which has statutory effect) requires the Pay Policy Statement to make reference to policies in relation to staff leaving the authority, senior staff moving posts within the public sector, senior staff recruitment, and re-employment of senior postholders who have left the authority, particularly in relation to arrangements which might be made in such an event that would appear to have the intention of minimising tax payments made by the re-engaged former employee.

Recruitment

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

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

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

Payments on Ceasing Office

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

Retirement

26. Staff who contribute to the Local Government Pension Scheme who retire from age 55 onwards are able to elect to receive immediate payment of their pension benefits on a reduced basis in accordance with the Scheme.
27. Unreduced benefits are payable if retirement is from Normal Pension Age, with normal pension age linked to the State Pension Age from 1 April 2014, unless protections in the Pension Scheme allow for an earlier date. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme following dismissal on redundancy or business efficiency grounds from age 55 onwards and on grounds of permanent ill-health at any age.

28. Whilst the Local Government Pension Scheme allows applications for flexible retirement from staff aged 55 or over, where staff reduce their hours or Grade, it has in general been the City Corporation's policy to agree to these only where there are clear financial or operational advantages to the organisation. Benefits are payable in accordance with Regulation 27 of the Local Government Pension Scheme Regulations 2013. Unless there are exceptional circumstances, the City has not made use of the discretion allowed by the LGPS Regulations to waive any actuarial reduction in pensions awarded under the flexible-retirement provisions. However, as part of the fundamental review of its structure and services currently being undertaken in the organisation, a scheme has recently been operated whereby employees aged 60 or over can seek flexible retirement with an agreed departure date, to facilitate staffing restructures and the making of savings.

Redundancy

29. Staff who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on a week's pay (currently a maximum of £538 per week). The City Corporation currently bases the calculation on 1.5 x actual salary. This scheme may be amended from time to time subject to Member approval, and has most recently been so amended for staff made redundant on or after 25 October 2017. The authority's policy on discretionary compensation for relevant staff under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 is published on the Corporation's website.

Settlement of potential claims

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

Payment in lieu of notice

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

Re-employment

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

POLICY IMPLEMENTATION AND CURRENT POSITION

Salary scales effective from 1 July 2020

33. A pay award giving an increase of 2.25% on Base salaries for all employees in Grades A-J and the Senior Management Grade was agreed in March last year, to be effective from 1 July 2020. The current salary scales are given below.

Grade	Min Salary (£)	Max Salary (£)	No. of employees
Grade A	£16,400	£17,400	159
Grade B	£17,900	£20,790	590
Grade C	£23,370	£27,120	835
Grade D	£29,350	£34,040	723
Grade E	£34,040	£39,440	583
Grade F	£43,100	£49,980	427
Grade G	£51,460	£59,690	190
Grade H	£59,690	£69,170	87
Grade I	£69,170	£80,170	27
Grade J	£82,590	£95,760	20
Senior Management Grade (SMG)	£84,240	£258,050	15
<p>The figures given are for Base pay only. Employee numbers are those at the time of the January 2019 pay roll. Any employee on Grades A-J who manages or supervises another employee on the same Grade has a separate pay scale paying up to 6.1% greater than the salary on the substantive Grade. Any employee on Grades A-J who is in a residential post has a separate pay scale paying 12.5% less than the salary on the substantive Grade. The figures for employees in each Grade in the table above include those on the relevant supervisory and residential scales. All employees on Grades A-J and in the SMG also receive a London Weighting allowance. The allowance does not differ between Grades of staff.</p>			
Teacher Grades	£29,490	£60,250	
Senior Teacher Grades	£64,640	£147,490	
<p>Figures for Teacher Grades exclude any additional responsibility allowances payable. Figures for Senior Teacher Grades include all payments.</p>			

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

34. Current levels of London Weighting for non-residential staff are £6,710 for those based in inner London and £4,020 for those based in outer London. Separate rates (approximately 10% lower) are applied to residential staff.

35. The City Corporation subscribes to Croner's salary benchmarking. While this provides information on both public and private sector comparator jobs, general practice is to use the median level of comparator public-sector jobs in central London for organisations which employ between 1001 and 4000 staff, with a turnover of £50m-£100m as basis for establishing appropriate market rates.
36. The Act's provisions do not supersede the City Corporation's autonomy to make decisions on pay which are appropriate to local circumstances and deliver value for money for local taxpayers. The Corporation seek to be a fair employer and an employer of choice - recognising and rewarding the contributions of staff in an appropriate way. The Corporation set pay fairly within published scales and, in doing so, have regard to changing conditions in differing occupational and geographic labour markets.

Employees below the Senior Management Grade

37. The lowest Graded employees are in Grade A as determined by the outcomes of the Job Evaluation process. That Grade has been restructured in recent years such that its bottom and top points have risen higher up the pay scale. The current lowest point on Grade A is now £23,110, including a London Weighting allowance for working in Inner London. The current pay range for Grades A - J is £23,110 to £102,470 inclusive of Inner London Weighting of £6,390 for non-residential employees.
38. Under normal circumstances, in each October following the March end of the appraisal year, generally around two thirds of eligible employees have been allowed to move into the two higher contribution increments or to receive a one-off non-consolidated contribution payment. **As stated earlier, in 2020, normal practice was waived as a result of the difficulties caused by the pandemic, and increments or a 3% Contribution Payment for eligible staff were allowed to be the default position.**

Senior Management Grade

39. Current Senior Management salary scales are from £84,240 to £258,050, excluding London Weighting.
40. Each Senior Management Grade post is allocated a range around a datum point. There is a maximum and minimum (datum plus 9% and datum minus 6% respectively) above and below which no individual salary can fall. Where a pay increase for a member of staff would take them above the maximum in a given year, the excess amount above the maximum may be paid as a non-consolidated payment in that year. This does not form part of basic salary for the following year and will, therefore, have to be earned again by superior performance for it to be paid.
41. Each year the datum point advances by a percentage equivalent to any 'cost of living' pay award. Individual salaries would move according to the table below:

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

42. As with staff in Grades D-J, normal practice on progression through Grades or Contribution Payments for eligible staff was waived in 2020, and SMG staff received either a 3% “incremental” progression through their individual Grades or a 3% Contribution Payment, depending on eligibility.
43. The Senior Remuneration Sub-Committee sets the initial salary on appointment, together with the individual salary band, for staff with posts in the Senior Management Grade. Thereafter, the Town Clerk & Chief Executive determines annual salary progression for SMG posts (other than in relation to their own) within (and up to the maximum of) the existing individual salary bands and in accordance with relevant reward policies, in consultation with the Senior Remuneration Sub-Committee. Any changes to the individual salary bands for SMG posts must be agreed by the Senior Remuneration Sub-Committee.
44. In respect of the Town Clerk & Chief Executive, the post’s salary and any Contribution Payments that may be due to its holder are determined by the Senior Remuneration Sub-Committee. The Sub-Committee is advised by an Appraisal Panel comprising the Chairs of the Policy & Resources Committee (as the Town Clerk’s line manager), Establishment Committee, Finance Committee and General Purposes Committee of Aldermen. The Appraisal Panel set the Town Clerk’s annual objectives and review performance against those objectives, receiving a report from the Chair of the Policy & Resources Committee who conducts the annual appraisal meeting with the Town Clerk. The Sub-Committee and Appraisal Panel are supported by the Director of Human Resources together with any appropriate external advisers.
45. Set out below are the broad pay ranges for the Senior Management Grade in 2020-2021, with the numbers in each band, excluding London Weighting. Each member of staff will have an individual salary scale within these broad ranges.

£84,240 - £120,070	(2)
£121,260 - £152,110	(7)
£156,670 - £198,480	(5)
£223,370 - £258,970	(1)

Chief Officers and Deputy Chief Officers

46. The Act specifies that information should be given in Pay Policy Statements about the determination of remuneration for Chief Officers and Deputy Chief Officers as defined under the Local Government & Housing Act 1989, including approaches to the award of other elements of remuneration including bonuses and performance-related pay as well as severance payments. This should include any policy to award additional fees paid to Chief Officers or Deputy Chief Officers for their local election duties. The 1989 Act applies to the City Corporation only in its capacities as a local authority, police authority and port health authority, but as with other parts of this Statement, details are given for all employees who would satisfy the basic definitions of Chief Officers

and Deputy Chief Officers given in the 1989 Act, other than schoolteachers and those who work in general for the City Corporation in its capacity as a police authority.

47. According to the definitions given in the 1989 Act (but widened in their interpretation as described in the paragraph above), as of 21 January 2021, the City Corporation had 30 Chief Officer posts and 122 Deputy Chief Officer posts. The 30 Chief Officer posts comprised the 15 posts within the Senior Management Grade plus the following numbers of posts within the A-J Grades:

- Grade J 11
- Grade I 4

The 122 Deputy Chief Officer posts were made up of posts at the following Grades:

- Grade J 9
- Grade I 21
- Grade H 51
- Grade G 17
- Grade F 19

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

48. The distinctions between SMG pay and payments made to employees on other Grades are outlined in the relevant sections of this Statement above. The most significant element of pay able to be received by employees in Grades A-J that is not available to SMG posts is market supplements. 9 Chief Officers in Grades H-J receive these payments as do 51 Deputy Chief Officers in Grades G-J. 4 of the Deputy Chief Officers in Grade F receive additional payments for working contractual hours in addition to the standard 35 per week on most City Corporation contracts. One Deputy Chief Officer on Grade F receives occasional additional payments for participating in electoral activities. Two Deputy Chief Officers (one on Grade G and one on Grade J) receive additional payments for undertaking standby duties.

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

<u>£ per annum</u>	<u>Chief Officers</u>	<u>Deputy Chief Officers</u>
40,000 – 50,000	-	17
51,000 – 60,000	-	12
61,000 – 70,000	-	34
71,000 – 80,000	4	21
81,000 – 90,000	2	14
91,000 – 100,000	-	12
101,000 – 110,000	2	6
111,000 – 120,000	6	2
121,000 – 140,000	6	3

141,000 – 160,000	4	-
161,000 – 199,000	5	-
200,000 – 255,00	1	1
Total employees	30	122

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

50. As mentioned earlier, the City Corporation is currently undertaking a significant review of its structure and services. This is due to be implemented this year, and it is likely that it will have a wide effect on the numbers and the remuneration of Chief Officers and Deputy Chief Officers employed.

51. The schemes for incremental pay increases and Contribution Payments for employees in Grades D-J and the Senior Management Grade are set out in the relevant sections of this Statement above. These apply to Chief Officers and Deputy Chief Officers, depending on whether they are in one of the D-J Grades or the SMG. No Chief Officer or Deputy Chief Officer has an element of their basic pay “at risk” to be earned back each year. Progression through Grades is, however, subject to successful performance, assessed through the application of the performance-appraisal scheme. Contribution Payments for any Chief Officer or Deputy Chief Officer are only available to those at the top of their Grades. These must also be earned through performance appraisal, and all such payments are non-consolidated, meaning that any recurrence of the payment has again to be earned through performance in future years.

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

Publication of information relating to remuneration

53. The City Corporation will publish details of positions with remuneration of £50,000 or above in accordance with the Accounts and Audit Regulations 2015 and the Local Government Transparency Code issued by the Secretary of State for Communities and Local Government.

54. This Pay Policy Statement will be published on the Corporation’s public website. It may be amended at any time during 2021-2022 by resolution of the Court of Common Council. Any amendments will also be published on the Corporation’s public website.

55. This statement meets the requirements of the: Localism Act 2011; the Department for Communities and Local Government (DCLG) guidance on “Openness and accountability in local pay: Guidance under section 40 of the Localism Act” (including any supplementary Guidance issued); “The Local Government Transparency Code 2015”; and the Accounts and Audit Regulations 2015.

56. From 2018, the City of London Corporation is required under the Equality Act 2010 to publish information every year showing the pay gap between male and female employees. The organisation's most recent such report was published in March 2020, and showed a diminution in the mean and median hourly-rate gender pay gap and an increase in the proportion of women in the upper quartile of employees by pay rates.

C. E. Lord, OBE JP
Chair, Establishment Committee

T. Graham
Deputy Chair, Establishment Committee

February 2021

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CITY OF LONDON CORPORATION

PAY POLICY STATEMENT 2020/21

Introduction

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

5. The Act does not require authorities to publish specific numerical data on pay and reward in their pay policy document. However, information in this Statement should fit with any data on pay and reward which is published separately. The City Corporation operates consistent pay policies which are applied across all of our functions. Further details of the current Grade structures and associated pay scales can be seen below.

Salary Scales effective from 1 October 2019:

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

This information is reviewed, updated and published on a regular basis in accordance with the guidance on data transparency and by the Accounts and Audit

(England) Regulations 2011. It should be noted that all Police Officer pay scales are nationally determined and as such do not form part of the City Corporation's Pay Policy.

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

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

7. The Act's provisions do not supersede the City Corporation's autonomy to make decisions on pay which are appropriate to local circumstances and deliver value for money for local taxpayers. We seek to be a fair employer and an employer of choice - recognising and rewarding the contributions of staff in an appropriate way. We set pay fairly within published scales and, in doing so, have regard to changing conditions in differing occupational and geographic labour markets.

Background

8. All pay and terms and conditions of service are locally negotiated with our recognised trade unions or staff representatives. In 2006/07 extensive work was undertaken on a review of our pay and grading structures. As a result, the principles set out in the guidance to the Act have already generally been addressed although the Act set out some additional requirements which are covered by this statement.
9. In 2007 we implemented a number of core principles, via collective agreement, to form the City Corporation's pay strategy. This moved the pay and reward strategy from one based entirely on time-served increments to one which focusses on a balance between incremental progression, individual performance and contribution to the success of the organisation. The Grades A-J and the Senior Management Grade retain incremental progression, but this is always determined by performance measured through appraisal over the year 1 April - 31 March. The Grades D-J and the Senior Management Grade also have access to "Contribution Payments" for employees at the top of the Grades. Achievement of these is also determined by appraisal over the same time period. All increments earned by appraisal are implemented from 1 October following the ending of the appraisal year, and Contribution Payments earned from appraisal are paid in the same October. A fundamental element of the strategy is that achievement of payments related to performance is more onerous and exacting the more senior the member of staff.

10. All non-teaching staff employed by the City Corporation below the Senior Management Grade are allocated to one of the 10 Grades (Grades A-J), other than in a small number of exceptional cases, such as Apprentices. All such posts were reviewed under Job Evaluation, ranked in order and allocated to a Grade following the 2007 Review. The evaluation scheme was independently equalities-impact assessed to ensure that it was inherently fair and unbiased. New posts and any existing posts that change their levels of responsibility etc. continue to be evaluated and ranked under the scheme. The scheme, how it is applied, the scoring mechanism and how scores relate to Grades are published on our Intranet, so staff can be assured that the process is fair and transparent. In addition, there is an appeal mechanism agreed with the recognised trade unions and staff representatives.
11. In addition to basic salary, all Graded staff are paid a London Weighting allowance which varies depending on where they are based and whether they are supplied by the employer with residential accommodation. This is to assist staff with the higher cost of living and working in London. Current levels of London Weighting for non-residential staff are £6,390 for those based in inner London and £3,830 for those based in outer London.
12. As most of the work of the organisation is undertaken in the City of London, there are some types of posts which are difficult to recruit to (e.g. lawyers, IT staff etc.). Accordingly, there is often the need to use market supplements to attract, recruit and retain highly sought-after skills. These, where used, can be applied to employees in Grades A-J. Any requests for a market supplement must be supported by independent market data and is considered by a panel of senior officers and, where appropriate depending on the amount proposed to be paid and the Grade of the post, by the Establishment Committee. All market supplement payments are kept under regular review, and regular reports on payments made are produced for the Establishment Committee. The City Corporation subscribes to Croner's salary benchmarking. While this provides information on both public and private sector comparator jobs, general practice is to use the median level of comparator public-sector jobs in central London for organisations which employ between 1001 and 4000 staff, with a turnover of £50m-£100m as basis for establishing appropriate market rates.
13. The London Living Wage (LLW) has been applied as a minimum rate for all directly employed staff, including Apprentices, since April 2017. Casual staff and agency workers have also been paid the London Living Wage since 2014. Until 2018, LLW increases were applied from 1 April each year in line with the most recently announced LLW increase. However, in October 2018, the City Corporation's Policy & Resources Committee agreed that LLW increases should be applied in this and future years to affected employees and other staff from the date of the increase's announcement, which in 2019 was on 11 November.
14. The Establishment Committee has specific authority to deal with or make recommendations to the Court of Common Council where appropriate on all matters

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

Employees below the Senior Management Grade

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

- Grades A-C are the lowest Grades in the City of London Corporation. Grade A has 3 increments and Grades B and C have 6 increments, and progression through each Grade can be achieved by annual incremental progression subject to satisfactory performance. There is no Contribution Pay assessment. However, employees at the top of these Grades have the opportunity if they have undertaken exceptional work to be considered for a Recognition Award up to a maximum level set corporately each year (this has been £500 in each year since 2010).
- Grades D-J have 4 'core' increments and 2 'contribution' increments. Progression through the 4 'core' increments is subject to satisfactory performance. Progression into and through the 2 'contribution' increments requires performance to be at a higher than satisfactory level. Once at the top of the scale, for those who achieve the highest standards of performance and contribution, it is possible to earn a one-off non-consolidated Contribution Payment of up to 6% of basic pay depending on the assessed level of contribution over the previous year. The appraisal system recognises four levels of performance - Improvement Required, Good, Very Good and Outstanding, and those employees at the top of Grades D-J who achieve either of the top two ratings can receive a Contribution Payment. In 2019, those in receipt of a "Very Good" rating could receive a payment of between 1 and 5% of Basic salary, and those earning an "Outstanding" rating would receive a payment of 6% of Basic salary. The variable payment for "Very Good" ratings was introduced in 2019 to recognise that there could be distinctions in performance of those so assessed, above the level of "Good" but not meriting an "Outstanding" assessment.

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

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

Senior Management Grade

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

18. The Senior Management Grade incorporates the following posts:

- Town Clerk & Chief Executive
- Chamberlain
- Comptroller & City Solicitor
- Remembrancer
- City Surveyor
- Director of the Built Environment
- Managing Director of the Barbican Centre
- Principal of the Guildhall School of Music & Drama
- Director of Community & Children's Services
- Director of the Economic Development Office
- Executive Director of Mansion House and the Central Criminal Court
- Director of HR
- Director of Consumer Protection & Markets
- Director of Open Spaces
- Chief Grants Officer & Director of the City Bridge Trust

19. The Head Teachers of the City of London School, City of London School for Girls and City of London Freeman's School are not part of the Senior Management Grade for the purposes of pay (their pay is governed by a separate senior teaching

pay scale, as outlined in paragraph 5). The pay of the post of Remembrancer is aligned to Senior Civil Service pay scales.

20. Following the principles outlined above, the pay ranges for the Senior Management Grade were set with reference to both job evaluation and an independent external market assessment. The principles of this were agreed by the Court of Common Council in 2007 and, subsequently, the specific unique range for each senior management post was agreed by the Establishment Committee in October 2007, subject to alteration thereafter when the duties or responsibilities of posts or other external factors relevant to their pay and reward change. Current Senior Management salary scales are from £82,390 to £252,370, excluding London Weighting.
21. Each Senior Management Grade post is allocated a range around a datum point. There is a maximum and minimum (datum plus 9% and datum minus 6% respectively) above and below which no individual salary can fall. Where a pay increase for a member of staff would take them above the maximum in a given year, the excess amount above the maximum may be paid as a non-consolidated payment in that year. This does not form part of basic salary for the following year and will, therefore, have to be earned again by superior performance for it to be paid.
22. Each year the datum point advances by a percentage equivalent to any 'cost of living' pay award. Individual salaries would move according to the table below:

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

23. The average payment based on contribution alone has been 3.44% for the appraisal year ending in March 2019. The payments have been largely non-consolidated i.e. they have to be re-earned each year based on superior performance.
24. The Town Clerk & Chief Executive determines all salary matters for SMG posts (other than in relation to himself) within the existing individual Grades and reward policies, in consultation with elected members and the Senior Remuneration Committee. The Director of HR coordinates any such matters in relation to the Town Clerk & Chief Executive, in consultation with elected members and the Senior Remuneration Committee.
25. Set out below are the broad pay ranges for the Senior Management Grade, with the numbers in each band, excluding London Weighting. Each member of staff will have an individual salary scale within these broad ranges.

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

Chief Officers and Deputy Chief Officers

26. The Act specifies that information should be given in Pay Policy Statements about the determination of remuneration for Chief Officers and Deputy Chief Officers as defined under the Local Government & Housing Act 1989, including approaches to the award of other elements of remuneration including bonuses and performance-related pay as well as severance payments. This should include any policy to award additional fees paid to Chief Officers or Deputy Chief Officers for their local election duties. The 1989 Act applies to the City Corporation only in its capacities as a local authority, police authority and port health authority, but as with other parts of this Statement, details are given for all employees who would satisfy the basic definitions of Chief Officers and Deputy Chief Officers given in the 1989 Act, other than schoolteachers and those who work in general for the City Corporation in its capacity as a police authority.

27. According to the definitions given in the 1989 Act (but widened in their interpretation as described in the paragraph above), as of 20 November 2019, the City Corporation had 31 Chief Officer posts and 132 Deputy Chief Officer posts. The 31 Chief Officer posts comprised the 15 posts within the Senior Management Grade plus the following numbers of posts within the A-J Grades:

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

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

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

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

28. The distinctions between SMG pay and payments made to employees on other Grades are outlined in the relevant sections of this Statement above. The most significant element of pay able to be received by employees in Grades A-J that is not available to SMG posts is market supplements. 13 Chief Officers in Grades H-J receive these payments as do 52 Deputy Chief Officers in Grades G-J. 4 of the

Deputy Chief Officers in Grade F receive additional payments for working contractual hours in addition to the standard 35 per week on most City Corporation contracts. One Deputy Chief Officer on Grade F receives occasional additional payments for participating in electoral activities.

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

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

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

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

Transparency

32. The Government guidance to the Act (which has statutory effect) requires the pay policy statement to make reference to policies in relation to staff leaving the authority, senior staff moving posts within the public sector, senior staff recruitment, and re-employment of senior postholders who have left the authority, particularly in relation to arrangements which might be made in such an event that would appear to have the intention of minimising tax payments made by the re-engaged former employee.

Recruitment

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

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

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

Payments on Ceasing Office

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

Retirement

35. Staff who contribute to the Local Government Pension Scheme who retire from age 55 onwards may elect to receive immediate payment of their pension benefits on a reduced basis in accordance with the Scheme. Unreduced benefits are payable if retirement is from Normal Pension Age, with normal pension age linked to the State Pension Age from 1 April 2014, unless protections in the Pension Scheme allow for an earlier date. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme following dismissal on redundancy or business efficiency grounds from age 55 onwards and on grounds of permanent ill-health at any age.
36. Whilst the Local Government Pension Scheme allows applications for flexible retirement from staff aged 55 or over, where staff reduce their hours or Grade, it is the City Corporation's policy to agree to these only where there are clear financial or operational advantages to the organisation. Benefits are payable in accordance with Regulation 27 of the Local Government Pension Scheme Regulations 2013. Unless there are exceptional circumstances, the City does not make use of the discretion

allowed by the LGPS Regulations to waive any actuarial reduction in pensions awarded under the flexible-retirement provisions.

Redundancy

37. Staff who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on a week's pay (currently a maximum of £525 per week). The City Corporation currently bases the calculation on 1.5 x actual salary. This scheme may be amended from time to time subject to Member approval, and has most recently been so amended for staff made redundant on or after 25 October 2017. The authority's policy on discretionary compensation for relevant staff under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 is published on our website.

Settlement of potential claims

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

Payment in lieu of notice

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

Re-employment

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

Publication of information relating to remuneration

41. The City Corporation will seek to publish details of positions with remuneration of £50,000 or above in accordance with the Accounts and Audit Regulations 2015 and the Local Government Transparency Code issued by the Secretary of State for Communities and Local Government.
42. This Pay Policy Statement will be published on our public website. It may be amended at any time during 2019/20 by resolution of the Court of Common Council. Any amendments will also be published on our public website.

43. This statement meets the requirements of the: Localism Act 2011; the Department for Communities and Local Government (DCLG) guidance on “Openness and accountability in local pay: Guidance under section 40 of the Localism Act” (including any supplementary Guidance issued); “The Local Government Transparency Code 2015”; and the Accounts and Audit Regulations 2015.
44. From 2018, the City of London Corporation is required under the Equality Act 2010 to publish information every year showing the pay gap between male and female employees. The organisation’s most recent such report was published in March 2019, and showed a diminution in the mean and median hourly-rate gender pay gap and an increase in the proportion of women in the upper quartile of employees by pay rates.

January 2020

Report – Policy and Resources Committee

Governance Review: Competitiveness

To be presented on Thursday, 4th March 2021

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

SUMMARY

In Autumn 2019, the Policy and Resources Committee, with the support of the Court of Common Council, proposed the undertaking of a comprehensive Governance Review of the City Corporation. The Committee was conscious that some potentially contentious issues needed to be addressed and that some radical changes may need to be considered. It was, therefore, agreed that the review should be undertaken independently and Robert Rodgers, The Lord Lisvane, was appointed to conduct the Review.

Following the Review's submission, it was determined that the many proposals therein should be considered in a structured and methodical way in the coming period, with Members afforded sufficient time to read and consider the content and implications. It was noted that the recommendations were extensive, and it would be for Members to consider how far they were appropriate, and which should be taken forward. It was also agreed that it would be of the utmost importance to ensure that the process provided for all Members of the Court to continue to have the opportunity to input and comment on the Review.

To that end, a series of informal Member engagement sessions have been arranged to afford all Members opportunities to express their views on the various aspects of the Review as they are considered. These would then be fed back to the Resource Allocation Sub-Committee to help inform its initial consideration of specific items and subsequent recommendations to the Policy and Resources Committee.

Members of the Resource Allocation Sub-Committee subsequently considered the various proposals relating to Section 6 of the Lisvane Review, concerning Competitiveness, in the context of Members' observations and reflections at the various informal engagement sessions. Their determinations were subsequently presented to the Policy and Resources Committee for further consideration at its January 2020 meeting, and the outcomes of those deliberations are now presented to the Court for its consideration and determination.

RECOMMENDATION

That the Court of Common Council:-

1. notes the proposals in relation to Competitiveness made by Lord Lisvane in Section 6 of his Review (Appendix 1) and considers the recommendations of the

Policy and Resources Committee thereon, as set out in paragraph 15 of this report; and

2. authorises the Town Clerk to take such actions as are required to give effect to the decisions taken by the Court and facilitate their implementation.

MAIN REPORT

Background

1. In September 2019, the Policy and Resources Committee, proposed the undertaking of a comprehensive Governance Review of the City Corporation. The Committee was conscious that some potentially contentious issues needed to be addressed and that some radical changes may need to be considered. It was, therefore, agreed that the review should be undertaken independently and Robert Rodgers, The Lord Lisvane, was appointed to conduct the Review.
2. The Committee received Lord Lisvane's Review in September 2020 and determined that the many proposals therein should be considered in a structured and methodical way in the coming period, with Members afforded sufficient time to read and consider the content and implications. It was noted that the recommendations were far-reaching and wide ranging and it would be for Members to consider how far they were appropriate, and which should be taken forward. It was also agreed that it would be of the utmost importance to ensure that the process provided for all Members of the Court to continue to have the opportunity to input and comment on the Review.
3. The Governance Review will affect all aspects of the City Corporation's governance and all Members. Consequently, it is imperative that any implementation reflects the view of the Court, and it is likely that all Members will have views on particular elements. Their continued input remains integral and incorporating all Members' views within the next steps of the process will be vital in ensuring that the recommendations which are ultimately put to the Court are viable.
4. To that end, a series of informal Member engagement sessions were arranged to afford all Members opportunities to express their views on the various aspects of the Review as they are considered. These would then be fed back to the Resource Allocation Sub-Committee to help inform its initial consideration of specific items.
5. The subject of the most recently completed series of engagement sessions has been Section 6 of the Governance Review, which looks at the City Corporation's work in relation to the global competitiveness agenda. It sees being an advocate and enabler for financial and professional services (FPS) as central to the purpose of the City Corporation but finds that the governance arrangements in place are not commensurate with the importance of the task. Lisvane, therefore, recommends putting in place arrangements that reflect the importance of competitiveness for the organisation and the competitive threats facing the sector.

6. Echoing Sir Simon Fraser's preceding review and consequent report (Fraser 2.0) into the matter more generally, Lord Lisvane proposes the establishment of a new Competitiveness Committee to drive and oversee this work (paragraphs 175-194).
7. Paragraphs 180 – 183 of the Lisvane Report set out the present arrangements for oversight in relation to competitiveness. In summary, the competitiveness agenda is currently governed by the Policy & Resources Committee, with the bulk of activity delegated down to the Public Relations and Economic Development (PRED) sub-committee.
8. Paragraphs 184-188 outline the rationale for a new approach. These can be summarised as:
 - Making the best use of the experience and expertise of Members in matters of global competitiveness.
 - Providing oversight and direction for this critical function of the Corporation.
 - Ensuring that responses to matters of competitiveness are swift - proactive rather than reactive.
9. Paragraphs 190-194 outline the proposed terms of reference and membership of Lisvane's suggested Competitiveness Committee, which are summarised below.

Lisvane Recommendations & Principles – Competitiveness Committee

10. In paragraph 189, Lord Lisvane suggests that any concerns that the new committee would be in competition with Policy & Resources can be addressed by having the Chair of Policy and Resources (CPR) as the Chair of the Competitiveness Committee. The Fraser 2.0 Review proposed that the Competitiveness Committee be a sub-committee of Policy & Resources; however, Lisvane's recommendation is for this to go further and for it to be established as a free-standing committee.
11. The recommendations for the creation of the new committee from the Lisvane Review, then, are summarised as follows (ref: paragraph 192 unless otherwise specified):
 - A free-standing Competitiveness Committee be established, with no more than 12-15 Members.
 - CPR to act as Chair, with the Chair of the General Purposes Committee (GPC) of the Court of Aldermen to serve as the Deputy (or Alternate) Chair.
 - Lord Lisvane recommends nomination of suitable Members by GPC and P&R, potentially with a later role for the proposed Governance and Nominations Committee.
 - Membership should be prioritised for Members who have senior roles / expertise in financial or professional services, with no role for ex-officio Members.
 - The creation of a mechanism for external expertise to be drawn into the Committee and its considerations. Lord Lisvane favours the use of small

sectoral panels, which the Committee might draw on for focused consultation and additional insight.

- Draft Terms of Reference are set out (see paragraph 190).
- The Committee would absorb the functions of the Hospitality Working Party, as Lisvane suggests that most significant hospitality will impinge on the priorities of the Competitiveness Strategy (paragraph 191).
- It would also take on the competitiveness remit from PRED, which would retain the public relations aspects of its current remit or see those absorbed by P&R (paragraph 193).

Other issues

12. The section also makes recommendation or commentary in a number of related areas:-

- **Chair of Policy & Resources: Title** (*paragraphs 195-199*) – Lisvane recommends the use of the title “Chair of Policy”.
- **Co-ordinating Support** (*paragraph 200*) – no specific recommendation is made but the importance of corporate endeavour is stressed.
- **Guildhall and Mansion House; speaking for the City** (*paragraphs 201 – 206*) – again, there is no specific recommendation beyond emphasis on the importance of joined-up working and increased collaboration. These matters are being addressed through areas including the “One Team” approach and the Target Operating Model.
- **The Lord Mayor: Appointment Process** (*paragraphs 207-231*) – these paragraphs touch on the overall process by which the Lord Mayor is appointed:
 - Paragraphs 208-214 refer to the current process, with the recommendation at paragraph 215 being that professional advice continue to be made available to the panel.
 - Paragraphs 216-231 address criticisms of the current arrangements, relating to the authority of appointment, the diversity of the Mayoralty, and the accessibility of the Mayoralty.
 - In relation to authority, Lisvane rejects the suggestion that the appointment should rest with the Court of Common Council (paragraph 217).
 - On diversity, Lisvane notes the steps being taken by the Court of Aldermen and outlines his expectations of action in this area, including that the Corporation “ensures that modest personal circumstances do not in future become an inhibition upon seeking the Mayoralty” (paragraph 224).
 - No separate recommendation is made explicitly in respect of accessibility (paragraphs 225-227).
 - Paragraphs 228-231 outline a prospective alternative approach, with the recommendation at paragraph 231 being that this not be taken forward

at this stage but be held in reserve if other measures do not achieve the required outcomes in respect of quality and diversity of candidates.

Consideration and Proposals

13. Member engagement sessions were held in respect of this section of the report and the summary notes of each of these discussions were presented to the Resource Allocation Sub-Committee and Policy and Resources Committee, to inform their consideration of Lisvane's recommendations.
14. Members of the Resource Allocation Sub-Committee were asked at their 11 January 2021 meeting to give consideration to the various recommendations in the context of those discussions and the views expressed by Members of the Court. Following this process, their determinations were presented to the Policy and Resources Committee, who accepted or modified proposals during discussion on 21 January 2021.
15. Having considered the various recommendations, the Policy and Resources Committee has determined its position in respect of Lord Lisvane's recommendations as follows:

Creation of a Competitiveness Committee or equivalent body

16. ***Lisvane Competitiveness Recommendation 1, paragraph 189: "I therefore recommend the establishment of a freestanding Competitiveness Committee."***
17. Your Policy and Resources Committee strongly endorsed the proposal of a dedicated body to consider competitiveness; however, there was a strong feeling that what was needed was something more informal and flexible than a formal committee, which could be configured along sectoral and market lines as and when needed. It was recognised that the rigidities of a formal committee might make attracting the right people and facilitating their input problematic. Members also agreed that any new group should have an advisory role only and that decision-making responsibility should continue to rest with elected Members through the appropriately appointed committees.
18. In practice, such a body would in effect be a Working Party of Policy and Resources, to be known as the "Innovation & Growth Advisory Board".
19. The Committee, therefore, **recommends** that no new Competitiveness Committee be appointed as a grand committee, but that such a function instead be delivered through a newly established Advisory Board reporting to the Policy and Resources Committee.

Terms of Reference

20. ***Lisvane Competitiveness Recommendation 2, paragraph 190: "Terms of Reference... These will be a version of paragraph (d) of the P&RC's current terms of reference, modified to take in the new Competitiveness Strategy; something like "To be responsible for: the support and promotion of the City of London as the world leader in international financial and business services; driving the***

implementation of the Competitiveness Strategy; adapting and updating the Strategy to meet developing circumstances.”

21. Your Policy and Resources Committee has considered potential Terms of Reference and **recommends** that the Court endorses the following (which may be subject to clarification as the Advisory Board progresses its work):-
 - a. To provide informal guidance or direction to Innovation & Growth on the implementation of the Competitiveness strategy (*whilst being clear that formal oversight would be held by Policy & Resources, with this group reporting in on an advisory basis*).
 - b. To provide expertise and insight to officers and Policy & Resources on the ingredients of global success of UK Financial and Professional Services, acting as an internal forum for the testing of ideas and prioritisation in the work of promotion and policy of the sector.
 - c. Offering additional support to the Lord Mayor and Chair of Policy and Resources as Ambassadors on the Innovation and Growth agenda.
 - d. To provide advice on the strategic deployment of hospitality as required (*although it must be made clear that this was entirely distinct from the role of Hospitality Working Party; rather, this concerned some of the strategic engagement with Ambassadors and set-piece events outside of HWP’s general remit*).
22. **Lisvane Competitiveness Recommendation 3, paragraph 191:** *“It would be sensible if this Committee were to take in the functions of the Hospitality Working Party, as most significant hospitality will impinge on the priorities of the Strategy.”*
23. It was felt that the Advisory Body should be able to give advice on the strategic deployment of hospitality in certain areas but without taking away from or stepping into the remit of the Hospitality Working Party (HWP). The Committee, therefore, **recommends** that no change be made in respect of the functions of the Hospitality Working Party.

Composition and Membership

24. **Lisvane Competitiveness Recommendation 4, paragraph 192:** *“I would not be prescriptive at this stage, but I suggest that there are some key principles: the total permanent membership should be no more than 12 to 15...it should be chaired by the Chair of Policy and Resources...the Chair of the General Purposes Committee of the Court of Aldermen (GPC) should be the Deputy Chair... the membership should be made up of Members who have held senior roles in financial, professional and business services; both P&RC and GPC might have roles in designating suitable individuals... the Committee could draw upon small sectoral panels of external members, which would also link the Corporation more closely with the key players, and who could attend depending on the business under consideration.”*

25. The Policy and Resources Committee felt strongly that it was important to leverage the expertise of internal Members and to ensure that there was diversity of thinking and ideas (including in areas such as tech) within the new body.
26. It was also agreed that the internal Members should not be limited to the Policy & Resources Committee but should include Members on the wider Court of Common Council (including Aldermen) with financial and professional services expertise. It would be necessary to incorporate some specifications or requirements around eligibility.
27. Your Committee is minded that there should be a core steering group, comprising of up to ten individuals:
- The Chair of Policy & Resources (Chair)
 - The Chair of the General Purposes Committee of Aldermen (Deputy Chairman)
 - The Deputy Chair of Policy & Resources
 - The Deputy Chair of the General Purposes Committee of Aldermen
 - Four Members of the Court of Common Council with relevant expertise
- *The ability to co-opt up to four external members flexibly, in agreement with the Policy & Resources Committee.
28. Role descriptions will be utilised to define the skills being sought for the six vacancies. The Steering Group will then review the lists of prospective Members (with advice from officers in Innovation & Growth, as appropriate) and put recommendations to the Policy & Resources Committee for consideration.
29. The Steering Group will then call together ad hoc groups on sectoral or market issues as and when needed, with size, task and formality designed for specific need, and Membership drawn from internal Members and external stakeholders. It was felt that this flexible, issues-based approach would make best use of Members' time and expertise.

Public Relations and Economic Development Sub-Committee (PRED)

30. ***Lisvane Competitiveness Recommendation 5, paragraph 193:*** “Although the Competitiveness Committee would lead on promotion of the City, I would not freight it with the more general public relations issues which fall to PRED at the moment. So far as they may need Committee engagement or approval, I think that they could be re-absorbed by P&RC.”
31. Your Policy and Resources Committee has determined that the Public Relations and Economic Development (PRED) Sub-Committee should be reconstituted to take away the “Economic Development” element of its role, but be retained as a dedicated sub-committee to focus more on the scrutiny around communications and messaging, including public affairs.

Support for the Policy Chair

32. ***Lisvane Competitiveness Recommendation 6, paragraph 194:*** “CPR’s chairing of the Competitiveness Committee will reinforce the case for that role to have enhanced Officer support, a point which has emerged from my Review and which was also identified by the Fraser Report.”
33. Considerations around officer support have been progressed separately through the Target Operating Model proposals, which Members approved in late 2020.

Chair of Policy & Resources: Title

34. ***Lisvane Competitiveness Recommendation 7, paragraph 199:*** “I recommend the use of the title “Chair of Policy”.
35. The Committee debated this question at length, noting the difficulties that could be encountered when explaining externally what the “Chair of Policy & Resources Committee” actually meant in practice, whilst also needing to be mindful of the Corporation’s unique arrangements and the distinct role of the Chair of Policy & Resources to counterparts in London Boroughs. The Committee determined to refer this item back for further review and consideration and no recommendation is made at this time.

Co-ordinating support for the competitiveness agenda

36. ***Lisvane Competitiveness Recommendations 8-11, paragraphs 215, 217, 224, 231 (as summarised in paragraph 12 above of this report)***
The Committee noted Lisvane’s general commentary in these paragraphs in relation to the aspects of the Mayoralty and the Aldermanic appraisal process and agreed that there were no substantive recommendations to consider implementing at this time. It was also noted that some of the concerns around potential barriers had already been addressed proactively in recent times.

Conclusion

37. Various proposals have been made by Lord Lisvane in relation to Competitiveness, in Section 6 of his Review.
38. Members of the Resource Allocation Sub-Committee and Policy and Resources Committee have considered his proposals and the attendant implications of any decisions, paying mind to the views of all Members made through the informal engagement process. The Court of Common Council is now asked to consider those proposals and endorse the proposed approach.

Appendices:

- **Appendix 1:** Extract – Lord Lisvane’s Governance Review, Section 6, Competitiveness

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

DATED this 21st day of January 2021.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chair, Policy and Resources Committee

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Competitiveness and Prosperity

175. In this Part of my Report I consider how the central purpose of the Corporation – as an advocate and enabler for the financial, professional and business services of the City of London – can best be furthered through governance changes. I do not in any way undervalue the other activities of the Corporation, but unless it is successful in this respect – not least to support those other activities – then the City will be (literally) a poorer place.
176. I also consider how this endeavour can best be supported, and corporate behaviour can best be encouraged. And because the role of the Lord Mayor, with the Chair of Policy and Resources, is crucial, this may be a convenient place to examine how the Lord Mayor is appointed.
177. I make recommendations about a Competitiveness Committee in this Part rather than in my wider consideration of Committees in Part 7 as it is simpler to do so here rather than in the complexities of the Committee system as a whole.

The Fraser Report

178. I have already referred to the 2020 Report by Sir Simon Fraser, and the 2015 Report of which it was a “light-touch” review. I have had a very useful discussion with Sir Simon, and I am in complete agreement with his analysis and recommendations – although I take his recommendations a little further. And of course his agenda takes in wider issues of policy while my focus is on how those are best supported through governance arrangements.
179. The central conclusions of Sir Simon’s 2020 Report, which are amply confirmed by my Review, are that the Corporation
- “should work to achieve a clearer, more united policy strategy for its work to promote prosperity, with more focused priorities, more strategic and consistent communication, a co-ordinated plan to deliver its goals, increasingly united leadership, clearer, more decisive governance to drive outcomes, and stronger external relationships to deliver results...the overriding priority is to defend

and improve the competitiveness of London as a global financial centre. This effort should be brought together in a Corporation ‘competitiveness strategy’ for the City.”⁴⁴

The present arrangements

180. The terms of reference of the Policy and Resources Committee (P&RC) include “the support and promotion of the City of London as the world leader in international financial and business services and to oversee, generally, the City of London Corporation’s economic development activities, communications strategy and public relations activities”.⁴⁵

181. In theory this function is delegated to the Public Relations and Economic Development Sub-Committee (PRED), whose terms of reference, approved by the P&RC, are “to consider and report to the Grand Committee on all matters relating to the City Corporation’s Economic Development, Public Relations, Public Affairs and Communication activities, including any related plans, policies and strategies.”⁴⁶

182. This is an odd mix of responsibilities; and moreover the title of the Sub-Committee puts PR ahead of economic development. In addition, the task of the Sub-Committee is couched in somewhat passive rather than active terms. The Sub-Committee has a minimum of 16 Members,⁴⁷ but is not especially active. Its meetings on 15th April and 9th June were cancelled, and if it meets as scheduled on 16th September it will not have met formally for nearly six months.⁴⁸

183. I have encountered no criticism of the Sub-Committee’s work on public relations and communications, but considerable frustration that its economic development role is less effective – perhaps unsurprising if the Sub-Committee is essentially reactive.

Current activity

184. The Innovation and Growth Directorate in the Town Clerk’s Department is active and focused, and excellent work has been done recently: setting up a major Climate Conference with Mark Carney in November this year; jointly launching a review with HM Treasury

⁴⁴ Fraser Report, page 4.

⁴⁵ See *Appointment of Members on Committees, 2019/2020*, page 155, paragraph (d).

⁴⁶ See Minutes of the Policy and Resources Committee, 4th May 2017.

⁴⁷ Not counting any former Chairs of Policy and Resources who are still on that Committee.

⁴⁸ On 5 November 2019 the Sub-Committee agreed to reduce its meetings from 11 a year to 6.

on how Fintech will power UK success in the future; and publishing a study of how to remove barriers for financial and professional services to do more business in Australia. The Directorate has good working relationships with No.10 Downing Street, the Treasury, the Department for International Trade and the Foreign and Commonwealth Office, and with Parliament, the GLA and leaders across all parts of the UK and its regions. These are key networks for the Corporation to play its part in fostering competitiveness and prosperity.

185. However, these endeavours are held back by two things: there is no politically endorsed clear overall strategy; and there is a low level of Member involvement in driving things forward. I also believe that the Corporation could use the Member expertise available to it more effectively.
186. On the first, the Fraser Report has supplied the way forward. Under *Clarity of Purpose* it recommends⁴⁹ that
- “The Corporation should establish a focused set of medium-term strategic policy priorities to promote and protect the UK FPS sector, both at home and abroad. They should include clear goals and measurable objectives linked to clear timeframes
 - “Together these should underpin a new Competitiveness Strategy of the Corporation on behalf of the City, aligned with the priorities agreed with TCUK.⁵⁰”
187. I hope that the Court of Common Council will approve this recommendation soon, and that early formulation of the policy priorities will be a key aim.
188. On governance, Fraser recommends a “new, specialised and senior ‘Competitiveness Sub-Committee’” of the Policy and Resources Committee.⁵¹ This would address the problems of lack of appropriate Member involvement and political energy, but I would go further.

⁴⁹ Fraser Report, page 11.

⁵⁰ TheCityUK.

⁵¹ Fraser Report, page 12

189. **I therefore recommend the establishment of a free-standing Competitiveness Committee.** I suggest that a free-standing Committee has much to recommend it:

- the status of a dedicated Committee would be emblematic of the Corporation's wish to press ahead with the competitiveness agenda – assuming that, as I hope, this agenda is approved at an early stage;
- the fact that the Committee would not have to report through another body should speed up its work and provide the speed of response that will be needed;
- any criticism that it will somehow be in competition with the P&RC can easily be met by a degree of overlapping membership and Chair;
- I do not believe that the P&RC has the bandwidth to deal with yet another Sub-Committee reporting to it, despite my recommendations to simplify the Sub-Committee structure.

Terms of reference

190. These will be a version of paragraph (d) of the P&RC's current terms of reference, modified to take in the new Competitiveness Strategy; something like

“To be responsible for:

- **the support and promotion of the City of London as the world leader in international financial and business services;**
- **driving the implementation of the Competitiveness Strategy;**
- **adapting and updating the Strategy to meet developing circumstances”**

191. It would be sensible if **this Committee were to take in the functions of the Hospitality Working Party**, as most significant hospitality will impinge on the priorities of the Strategy.

Membership

192. I would not be prescriptive at this stage, but I suggest that there are some key principles:

- **the total permanent membership should be no more than 12 to 15** (this would be consonant with the recommendations I make on the Committee system as whole);
- **it should be chaired by the Chair of Policy and Resources (CPR)** who will thus be able to take a co-ordinating view of the work of both Committees;
- **the Chair of the General Purposes Committee of the Court of Aldermen (GPC) should be the Deputy Chair** (or alternate Chair);
- in order to make the best use of the Corporation's resource of expertise, **the membership should be made up of Members who have held senior roles in financial, professional and business services**; both P&RC and GPC might have roles in designating suitable individuals.⁵² This would make best use of the array of talent available. I have in mind, as just one example, the way in which Sir Roger Gifford has been able to transform the Corporation's impact on green finance;
- I do not recommend any *ex officio* places on the Committee, not wanting to take places away from those with the high-level expertise which will be required. If those with a claim to be *ex officio* have the necessary expertise, they will have a claim to be on the Committee in any event);
- it will be important to draw upon the views and expertise of those outside the Corporation who are currently involved at a high level in the relevant sectors. Rather than have a large permanent co-opted membership which could make the Committee unwieldy (and which might not always be right for the business before the Committee), I suggest that **the Committee could draw upon small sectoral panels of external members, which would also link the Corporation more closely with the key players, and who could attend**

⁵² Such a role would in due course fall to the Governance and Nominations Committee which I recommend, but the Competitiveness Committee should begin work as soon as possible.

depending on the business under consideration (as well as receiving the full range of working papers).

193. Although the Competitiveness Committee would lead on promotion of the City, **I would not freight it with the more general public relations issues which fall to PRED at the moment.** So far as they may need Committee engagement or approval, I think that they could be re-absorbed by P&RC.
194. **CPR's chairing of the Competitiveness Committee will reinforce the case for that role to have enhanced Officer support,** a point which has emerged from my Review and which was also identified by the Fraser Report.⁵³

“Chair of Policy and Resources”: title

195. This may be a convenient point at which to deal with this issue, which has long been the subject of debate. The fact that it is one of the *arcana imperii* is seen by some as very good, and by others as just as bad.
196. The Fraser Report observes that “Chair of Policy and Resources” may be seen as opaque and misrepresenting to outsiders the importance and profile of the role. “A title such as ‘Chair of Policy and Leader of the Corporation’ would have greater impact and may help achieve wider and higher access.”⁵⁴
197. I agree that this is an issue. However, during my Review I encountered widespread and settled opposition to the use of the term “Leader”, on the grounds that it is so closely associated with local authorities, and that it indicates the person who leads not only the Council, but also the majority party or faction – something which is impossible in the Corporation context.
198. Mindful of the eternal truth that in governance reviews there is nothing so controversial as what things are to be called, I do not recommend adopting the title of “Leader”.
199. “Chair of Policy and Resources” combined is indeed unwieldy; but “Chair of Policy” seems to me to be fit for purpose, even if P&RC retains its name. “Policy” is clearly the most important

⁵³ Page 12.

⁵⁴ Page 9.

overarching issue, and will be seen as such outside the City. **So I recommend the use of the title “Chair of Policy (CP)”** and I use that title in the remainder of this Report.

Co-ordinating support for the competitiveness agenda

200. In Part 4 of this Report I was critical of what I termed “a lack of corporate endeavour”.⁵⁵ Curing this will be important across all the Corporation’s activities, but nowhere more so than in supporting the competitiveness agenda.

Guildhall and Mansion House

201. The Chair of Policy is clearly the lead on policy matters, and I believe that that role will be enhanced if CP also chairs the Competitiveness Committee. The Lord Mayor has a vital ambassadorial and promotional role. The two are rightly complementary, and it is important that they are also closely co-ordinated.
202. It has been suggested to me that the staff of Mansion House should be merged with the staff at Guildhall. I am not convinced by this. The two staffs are doing different things, but there is no reason why they should not do them to achieve shared aims. This is also not the time for a complex re-engineering exercise, no doubt with negotiations about roles and reporting lines.
203. What is essential is that CP and Lord Mayor – Guildhall and Mansion House – speak with one voice, and that both enable the priorities identified in the Competitiveness Strategy. It should mean, too, that the two staffs work very closely together to the same aim. To take one example, the Lord Mayor’s speechwriters need to be constantly up to date with developments affecting the Competitiveness Strategy.
204. In practice this will mean that the Lord Mayor’s convening and “door-opening” role is key in powering the Strategy. In turn this should mean that the planning of the Lord Mayor’s activities, both outreach and inward visits, maps onto the priorities of the Strategy.
205. The City has benefited from the fact that the priorities of the present Lord Mayor and his two predecessors have had a consistency

⁵⁵ I note that the Fraser Report (page 5) observes that “There is little understanding of how the work of different parts of the Corporation is brought together to achieve a collective purpose”.

in reflecting corporate aims, and the framework of the Strategy should help this to continue with future holders of the office.

Speaking for the City

206. Just as the message needs to be agreed and clear, so the means of its delivery must be clear and understood. It has been suggested that a prominent “outside” figure might act as a high-level ambassador for the City, but I think it right that the Lord Mayor and CP should continue to be in the lead; any other “spokesman” role is potentially confusing. This does not mean, however, that CP and the Lord Mayor should not designate senior people, from the Corporation or outside, to lead on particular issues or relationships.⁵⁶

The Lord Mayor

207. The importance of this role will be clear from the Fraser Report and from my Report, as also the importance of its being filled by exceptional people. However, the method of appointment has been a matter of long-standing debate and some criticism.

The method of appointment

208. Only a serving Alderman, who has served in the Office of Sheriff, is eligible for election. Each year, usually around May, the Court of Aldermen nominate one Alderman, occasionally two, for the following year’s election by the Livery as one of the Sheriffs.

209. At the same time, the Court vote to nominate an Alderman as their preferred candidate for Lord Mayor for the following year. At Common Hall in September, the Livery return two names to the Court of Aldermen, who then carry out the final vote to elect the Lord Mayor.

The present appraisal process

210. A review of the appraisal process for candidates for the Mayoralty and the Shrievalty was undertaken in the Autumn of 2019 with the help of the recruitment consultants Saxton Bampfylde. A small working party of Aldermen (a mix of those who had, and had not, been Lord Mayor) was then convened.

⁵⁶ I have in mind the roles played by the former FCO and Home Office Minister Jeremy Browne leading on EU relationships, and Sherry Madera, former Minister-Counsellor and Director at the British Embassy in Beijing, in respect of Asia.

211. Its proposals were agreed in February this year; they included the development of comprehensive job descriptions; clear guidance on the process of application and appraisal,⁵⁷ and a robust procedure for interview and assessment, taking proper account of fairness and equalities issues.⁵⁸
212. Candidates must submit a personal statement of why they feel they meet the requirements of Sheriff and ultimately Lord Mayor (including track record, networks and relationships, personal qualities, and aspirations in office); a full *curriculum vitae* as well as a personal biography; and a list of between four and seven referees.
213. The composition of the Appraisal Panel for 2020 is: Chair of the Privileges Committee of the Court of Aldermen, presiding; the Deputy Chair of the Privileges Committee; the Chair of the General Purposes Committee; the late Lord Mayor; the Chief Commoner; and a minimum of three Independent Members from the business City appointed by the Privileges Committee.⁵⁹
214. Because of the pandemic, the present Lord Mayor and Sheriffs will serve for a further 12 months, so the 2020 selection process has been suspended. It is expected that the membership of the Panel may be changed to: the Chair of the Privileges Committee, presiding; the Deputy Chair of the Privileges Committee; the Chair of the General Purposes Committee of Aldermen; the Chair of Policy; the Chief Commoner; and five independent members.
215. **The increase in the number of independent members is welcome; but the possible size of the Panel is considerably larger than current best practice would suggest. This may be something to consider in the light of professional advice; I would hope that such advice will continue to be available to the Panel.**

⁵⁷ On the Corporation's website at <http://www.cityoflondon.gov.uk/about-the-city/how-we-make-decisions/Documents/aldermanic-appraisal-process.pdf>

⁵⁸ The Corporation is under an obligation to show "due regard" in its decision-making to the Public Sector Equality Duty, which requires the elimination of discrimination, the advancement of equality of opportunity between different groups, and the fostering of good relations between groups in the City's communities to tackle prejudice and promote understanding.

⁵⁹ At present Sir Roger Carr, Chairman of BAE Systems; Dame Elizabeth Corley DBE, Vice-Chair of Allianz Global Investors; and Lord Grimstone of Boscobel Kt, former Chairman of Barclays Bank plc and of Standard Life, appointed Minister of State for Investment in April 2020.

Criticisms

216. Criticisms of the current method of appointment of the Lord Mayor have three main elements:

- The authority of appointment;
- The diversity of the Mayoralty; and, related to that;
- The accessibility of the Mayoralty

The authority of appointment

217. **There is a school of thought that holds that the Lord Mayor should be elected by the Court of Common Council. I do not see this as an attractive or effective option.** Such a process will inevitably be dominated by personal and (small-p) political views, when the overriding need is to get the very best candidate to discharge a crucially influential role.

218. It may be argued that something like the updated procedure described earlier could provide a choice of candidates, perhaps ranked according to their performance in the appraisal process. I do not see this as much of an improvement. It would be open to factional decision, when what is wanted is to select the best candidate by as objective a process as possible.

219. It is welcome that a detailed job description for the post of Lord Mayor (as also for the Sheriffs) has been developed, and is available on the Corporation's website, where it is described as one of the documents that go to make up the Code of Corporate Governance.

220. I do not see job descriptions as sitting easily with an electoral process. They are tools of selection, not election. (I realise that there are job descriptions for the Chief Commoner and for Chairs of Committees, but these are more indicative than prescriptive.)

221. As I indicated in paragraph 55, I do not regard the role of the Livery acting through Common Hall as much more than symbolic. The heart of the process, in my view, has to be a professionally conducted and rigorous selection.

The diversity of the Mayoralty

222. Here there is an undoubted challenge. The Mayoralty has, overwhelmingly, been held by white men. There have been only two female Lord Mayors.⁶⁰ The Court of Aldermen has few women Members, and even fewer Members of BAME heritage.

223. I was glad to hear that the Court of Aldermen is aware of this challenge, and also that there are expectations that, with retirements and possible new Members, there is a fairly imminent prospect that this will change.

224. Personal wealth is not an issue in the way that it used to be, as the costs of the Mayoralty (other than any personal initiatives taken by the incumbent) are borne by the City Corporation. **I would expect the Corporation to ensure that modest personal circumstances do not in future become an inhibition upon seeking the Mayoralty.**

The accessibility of the Mayoralty

225. There is a diversity strand to this, but the underlying issue is: how attractive and practical is aspiration to the Mayoralty for the best possible candidates?

226. As it was described to me: “You need to be a member of several Livery Companies, preferably Master of one; then you need to be elected as an Alderman, and then go forward to be a Sheriff. The minimum period between becoming an Alderman and being Lord Mayor is six years, and the average is longer than this. So you have to ask people if they are interested in becoming Lord Mayor in about eight years’ time.”

227. This may not sit easily with the requirement in the job description that candidates for the Mayoralty “must have a significant track record and be recognised as a leader in their field, have an extensive network and also the personal qualities that will enable them to fulfil the duties of a high-profile public office”. Those who are the foremost leaders in their field may have other things on their minds than becoming Lord Mayor in eight years’ time or so.

⁶⁰ Dame Mary Donaldson, GBE DStJ, afterwards Baroness Donaldson of Lymington, Lord Mayor 1983-84, and Dame Fiona Woolf, DBE DStJ DL, Lord Mayor 2013-2014.

An alternative approach

228. It would be possible to take a more radical approach to the process. Serving as Sheriff is no doubt a useful apprenticeship; but it should not be necessary to dog the Lord Mayor's footsteps in order to understand the role, nor for both Sheriffs to be present on every occasion. This might assist those who are juggling demanding commitments elsewhere.
229. It might also be that the requirement to have served in the Office of Sheriff could be dispensed with. I understand that this could be achieved by Act of Common Council.
230. More radically, the present cursus could be replaced entirely, with the Court of Aldermen being given a brief to scour the City for the best candidates to be Lord Mayor in say three years' time, with the chosen candidate being given an automatic seat as an Alderman (which would probably have to be supernumerary).
231. **I do not recommend such a change now; but if the present (modified) process does not deliver both quality and diversity this is an option for the future.**

Report – Policy and Resources Committee

Proposed Terms of Reference for a Bridge House Estates Board

To be presented on Thursday, 4th March 2021

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

SUMMARY

In December 2020 your Policy & Resources Committee considered a report, for the City Corporation as Trustee for Bridge House Estates (charity no. 1035628) (“BHE”), relating to the creation of a dedicated committee of the Court of Common Council from April 2021 to be responsible for the administration of BHE under the oversight of the Court.

The recommendations relating to the establishment of a BHE committee of the Court reflected the views of professional officers and legal advisors arising from the BHE Strategic Governance Review (“the BHE Review”). A single committee was recommended to support regulatory best practice and ensure that, by the implementation of a governance and operational framework providing for cohesive oversight of this large and complex charity in this way, the City Corporation as Trustee will better discharge its duties to administer the charity effectively, solely in the charity’s best interests and in furtherance of BHE’s charitable objects, thus helping to deliver maximum impact for beneficiaries.

Policy & Resources Committee agreed in principle the recommendation to create a BHE committee in December 2020 but requested that the proposed arrangements be brought back for consideration in more detail in advance of any recommendations being presented to the Court. At the Committee’s meeting in February, proposed Terms of Reference for the new BHE committee, to be called the “Bridge House Estates Board”, were presented for approval, together with further details of the necessary changes to the City Corporation’s corporate governance framework that would need to be made to support the effective implementation of the new BHE Board from April 2021. Members will be further engaged in implementing the corporate governance arrangements to be adopted in the administration of the charity, including for collaboration across all the City Corporation’s functions (and Funds), particularly in relation to investment matters (refer paragraph 28 of the Report).

RECOMMENDATION

That the Court of Common Council in the discharge of its functions for the City Corporation as Trustee for Bridge House Estates and solely in the charity’s best interests, is recommended to **agree**:

- a) To constitute a committee to be named the “Bridge House Estates Board” to exercise day-to-day management and control of the charity solely in its best interests, on behalf of and under the oversight of, and with certain matters reserved to, the Court of Common Council, for implementation from April 2021;
- b) To approve the draft Terms of Reference for the Bridge House Estates Board set out in **Appendix A**; and to delegate authority to the Town Clerk in consultation with the Chair and Deputy Chair of the Policy & Resources Committee to settle the proposed Terms of Reference following any additional comments from the Court, to be presented to the Court of Common Council in April 2021 for approval in constituting all the Court’s Committees for 2021/22.
- c) Subject to recommendations a) and b) being agreed, to authorise the Town Clerk, in consultation with the Comptroller & City Solicitor, to make any other consequential changes to the City Corporation’s corporate governance documents which are required to support the effective implementation of the new Bridge House Estates Board from April 2021.

MAIN REPORT

Background

1. Bridge House Estates (“BHE”) is an unincorporated charitable trust and a registered charity (charity no. 1035628). It is currently the 7th largest charity in the UK in terms of asset valuation, having significant property holdings and financial investments. The City of London Corporation (“the City Corporation”), acting by its Court of Common Council, is BHE’s sole corporate Trustee. The charity has complex charitable purposes and governing documents, reflecting its ancient origins and close historic connections to the City Corporation. The charity is permanently endowed which imposes particular restrictions and legal duties on the charity’s trustee.
2. BHE is administered by the City Corporation as Trustee in accordance with the law, the charity’s own governing documents, and the City Corporation’s usual procedures and governance framework. As Trustee of the unincorporated charity, the City Corporation enters into all contracts and holds the legal title in all BHE’s property for the benefit of the charity (and its beneficiaries). The City Corporation makes its own resources, including staff, available to the charity in administering it as Trustee, with the reasonable costs and expenses of doing so being reimbursed from the charity’s funds. In acting as Trustee, the City Corporation has a legal obligation to understand the charity’s complex governing instruments and the legal framework which applies, to act in accordance with them, and to take decisions independently, acting solely in the best interests of BHE in furthering its charitable objects.

3. The primary object of BHE is to maintain and support five bridges crossing the River Thames: London Bridge, Blackfriars Bridge, Southwark Bridge, Tower Bridge and Millennium Bridge. A cy-près charity scheme of 1995 permits income surplus to that required for the bridges to be used for broad charitable purposes including for the general benefit of inhabitants of Greater London (“the ancillary object”). The income surplus is applied in accordance with a policy agreed by the Court of Common Council as Trustee and notified to the Charity Commission following consultation with external and internal stakeholders. The current such policy is ‘*Bridging Divides 2018-23*’ delivered in the name of City Bridge Trust (“CBT”), the charity’s “funding arm”.
4. In 2018, a BHE Strategic Governance Review (“BHE Review”) was initiated to assess how the governance of BHE could be enhanced, ultimately to increase the reach and impact of the charity’s activities, and to model good practice in the charity’s governance and operations. Having regard to this, and the underlying legal obligations of charity trustees to ensure that their charity is well run and operating effectively the BHE Review also sought to make changes to the charity’s governing documents and to review the arrangements for the administration of the charity under the City Corporation’s own corporate governance framework.
5. This was intended to ensure that the City Corporation retains cohesive and effective oversight of the charity’s diverse operations, and acts in accordance with the charity’s complex governing documents and the particular legal framework which applies to BHE as a charity. Further, it was intended to ensure that effective and efficient decisions are taken by the City Corporation as Trustee, and can be clearly demonstrated to have been taken, independently and only in the best interests of BHE.
6. With the initiation of a separate Corporate Governance Review for the City Corporation itself in 2020, led by Lord Lisvane (“the Governance Review”), it was deemed appropriate to progress any potential changes to BHE’s governance and administration by the City Corporation as Trustee in line with the Governance Review. In December 2020, your Policy and Resources Committee received a report recommending the creation of a BHE committee to exercise the day-to-day management and control of the charity, for implementation from April 2021.
7. The report outlined the rationale for creating a BHE committee including reference to the legal advice received as part of the BHE Review from Bates Wells LLP, a leading charity law firm (as reflected in paragraphs 4, 5 and 8 of this Report). It also identified the need to consider changes to the City Corporation’s own current internal governance arrangements for the better governance and administration of the charity as Trustee of BHE.
8. Specifically, the advice clearly stated that a dedicated committee of the Court of Common Council would consolidate oversight of BHE’s strategic and operational activities (with Court oversight), and help ensure that decisions can clearly be demonstrated to be in the best interests of the charity and that conflicts of interest

between the City Corporation acting as Trustee of BHE, and in its separate legal capacities, are clearly managed. This is best achieved by having a clear division in functions through the establishment of one committee for BHE which has the cohesive oversight and management of the charity. Establishing a BHE committee will help to ensure the City Corporation meets its specific and strict legal obligations under charity law relating to managing conflicts of interest and avoiding unauthorised self-benefit.

9. The draft Supplemental Royal Charter for BHE is currently with the Privy Council's Office ("PCO") for comment prior to approval, and implementation by the Court later this year. The draft Charter reflects the legal advice, including that there should be provision for independent decision-making for the charity by way of a separate committee of the Court, thereby clearly demonstrating that decisions are being taken only in the best interests of BHE and conflicts of interest properly managed.
10. Your Committee approved this recommendation in principle, acknowledging the legal and operational imperatives for the creation of a BHE committee of the Court, including the Trustee duties of the City Corporation including to act only in the best interests of the charity, but requested that the draft Terms of Reference be presented to the Policy & Resources Committee for consideration before being recommended to the Court.

Terms of Reference

11. The proposed remit of the new committee, to be called the Bridge House Estates Board ("the BHE Board") is set out in the draft Terms of Reference at **Appendix A**, which this Honourable Court is asked to consider and agree. The draft Terms of Reference reflect the flexibility under the City Corporation's own governance arrangements which will allow the new committee to draw on the skills, knowledge, and experience from across the whole Court.
12. The Terms of Reference have drawn together the various functions of the charity which are currently split between several Committees and have also sought to describe these in a manner consistent with expectations of good governance within the charity sector. Specifically, it is proposed that a newly constituted BHE Board would have responsibility for dealing with the day-to-day management and administration of the charity's business and financial affairs, management of risk, and exercising the powers of the City Corporation as Trustee of BHE on behalf of the Court (except where expressly provided – refer to paragraph 21), and including but not limited to:
 - (a) Considering matters of policy and strategic importance to BHE, and making recommendations to the Court of Common Council in settling the charity's overarching policies;
 - (b) The review and co-ordination of the governance of BHE for the City Corporation as Trustee, reporting as necessary to the Court of Common Council;

- (c) Appointing such sub-committees as are considered necessary for the most effective discharge of BHE functions;
- (d) The corporate control, management, maintenance, and repair of the five Thames bridges;
- (e) The management of the visitor and events elements relating to Tower Bridge; and
- (f) The application of funds for the ancillary object in accordance with the policy set.

13. Following debate by your Committee, it was recommended that the committee be named the “Bridge House Estates Board” instead of the “Bridge House Estates Committee” as had been first proposed. This recommendation aligns with the design principles of the City Corporation’s Target Operating Model where institutions (including BHE) will report to their own Boards¹, to bring consistency to how institutions are governed and their relationship to the City Corporation as a whole. **It is therefore recommended that the committee be called the “Bridge House Estates Board”.**

14. As noted above, the draft Supplemental Royal Charter provides for the constitution of committees with responsibility for BHE under the City Corporation’s own internal governance procedures. The appointment of the proposed Board remains a matter for the Court, subject to the overriding legal duty to ensure that the Board is made up of those who have the appropriate skills, knowledge, and experience to discharge the functions of the City Corporation as Trustee for BHE which are delegated to that Board.

15. **It is recommended that the Committee be constituted during its first year to have a maximum membership of 12 persons to include up to 8 Commoners, 2 Aldermen, and 2 co-opted external members with voting rights, with a quorum of 5**, thereby ensuring a majority of elected City Corporation Members in attendance for a quorum. The size of the Board is consistent with best practice in the charity sector as outlined in the [Charity Governance Code](#) and, as is common across a number of City Corporation committees, supports the appointment of two external members to enhance the skills, knowledge and experience of the Board. *Ex-officio* appointments from other City Corporation committees might also be considered, noting the requirement for independent decision-making by the Board for BHE and the need to appropriately manage conflicts. A skills audit will be undertaken to assess what expertise is required on the Board and its sub-committees.

16. Consistent with best practice and the City Corporation’s usual procedures, and to support continuity in the discharge of the Trustee’s functions, **it is also recommended that the terms of appointment normally be for four years**, with reappointment on a staggered basis, the initial appointments being made accordingly, as follows:

¹ Under the proposed Target Operating Model all the Boards referenced for the various “institutions” are committees of the Court of Common Council, other than the City of London Academies Trust (CoLAT) Board of Directors/Trustees as CoLAT is a separate legal entity - albeit that we have a close relationship with that body and are directly vested in its success.

- (a) 8 Commoners – 4 to be appointed by the Court of Common Council for an initial term of two years, and 4 to be appointed for an initial term of four years;
- (b) 2 Aldermen – 2 to be nominated by the Court of Aldermen and appointed by the Court of Common Council in the usual way, for initial terms of two and four years, respectively;
- (c) 2 Co-opted (voting) Members to be appointed by the Court of Common Council upon the recommendation of the BHE Board which will be responsible for conducting the recruitment in accordance with a transparent process of appointment approved by the Court at the recommendation of the Board – 1 to be appointed for an initial term of two years; and 1 to be appointed for an initial term of four years.

17. Additionally, to support continuity in the administration of the charity, it is proposed that anyone appointed to the Board may serve for eight consecutive years, which is consistent with charity best practice. Further, going forward, in accordance with usual City Corporation practice where a vacancy arises during a term that vacancy will be filled to the end of the relevant term, and the appointee will then only be eligible to serve a reduced consecutive term. Charity practice would support the Court also allowing for a break of one year before permitting someone who had already served for eight consecutive years to then be eligible to serve a further eight consecutive years.

18. In line with the City Corporation's current governance framework, it has been proposed that two seats are reserved for Alderman on the Board in the first year. Although Lord Lisvane recommended that Aldermanic seats should not be reserved, he did highlight this "may well vary from Committee to Committee"² and would need to be considered further. Pending a formal decision on this recommendation, it is proposed that the new BHE Board be constituted in line with current standard practice and reviewed following any changes agreed through the Governance Review.

19. In drafting the Terms of Reference, officers have taken legal advice from Bates Wells LLP to ensure the document reflects industry good practice as well as the City Corporation's own particular corporate governance framework and the charity's own governing documents and the legal duties which apply. Also, officers have reflected the ambition of Members, which has been previously expressed, to increase the diversity of the proposed Board better to represent the diversity of London, noting that the charity serves Greater London and Londoners.

20. Reflecting that the City Corporation acting by the Court of Common Council is Trustee and remains ultimately responsible for the discharge of these functions and compliance with the relevant duties of a charity trustee, the Court must retain sufficient oversight of the BHE Board's activities and finances. **It is therefore recommended that**, in addition to the matters which are reserved to the Court, as set out at paragraph 21 below, **the Board should be required to report at least biannually to the Court on its activities and expenditure**. It will of course be able to refer matters to the Court as it considers necessary or appropriate, whether

² Lord Lisvane's Governance Review Report, 2020. Paragraph 285, page 62.

for information or decision and the Court will be able to request information or details of decisions at any time.

21. The matters to be reserved to the Court of Common Council, are:

- (a) Appointment and removal of members of the BHE Board and ensuring that the Board retains appropriate skills, knowledge and experience;
- (b) Amendment of the governing documents of the Charity;
- (c) Approval of the Trustee's Annual Report and Financial Statements for the Charity;
- (d) Approval of the budget for the Charity;
- (e) Approval of the amount of income considered surplus to the requirements of the Charity's primary object to be allocated for application to the ancillary object each year ("surplus income");
- (f) Annual approval of the Charity's Risk Register;
- (g) Appointment of auditors;
- (h) Approval of the Charity's strategy, including its overarching strategy, investment strategy, bridge replacement strategy, charitable funding strategy and communications strategy;
- (i) Approval of the Charity's conflict of interest policy, reserves policy, investment policy, and policy for the application of surplus income;
- (j) Approval of the process to be adopted for the appointment of co-opted independent members to the BHE Board and its sub-committees, ensuring that those appointed have regard to diversity and inclusion on the Board.

22. Given the substantial content of work for the newly constituted BHE Board, **it is recommended that the Board is required to meet at least six times in the first year and to hold at least one strategic away-day each year.** This will be kept under review to inform the arrangements after the first year of the Board's operation.

23. To allow the new BHE Board the freedom to determine how best to administer the charity, **it is recommended that the Board have the discretion to appoint its own sub-committees where necessary.** This will allow the new Board to assess the charity's operation and activities as a whole, determine the best Member structure for the expedient and effective discharge of the charity's business by the Board, and ensure compliance with the Trustee's legal obligations. This provides flexibility to the Board and allows those arrangements to be adapted expediently as required for the charity's good administration, including to reflect existing arrangements where appropriate. This reflects the advice of Bates Wells LLP.

24. The City Corporation's current Standing Orders will continue to apply to the new Board, and thus the quorum for any sub-committees will be three. However, having regard to the proposal to allow for appointment of co-opted members to sub-committees, it is proposed that additionally (unconflicted) members of the Court (Commoners or Aldermen) must form the majority of those in attendance to form a quorum.

25. As noted above, it is proposed, as set out in the draft Terms of Reference, that within the first year of operation the BHE Board considers whether any sub-

committees it establishes should draw upon the expertise in other Committees for example by appointing members of other Court Committees whose insights and experience may be helpful, noting the need to manage conflicts of interest which might prevent the individual from participating or voting on an item of business. It would also be open to the BHE Board to appoint further external co-opted Members to its sub-committees, in accordance with the proposed Terms of Reference.

26. Further, it is expected that the new Board and its sub-committees will take advantage of the immense flexibilities that exist under the City Corporation's corporate governance framework to allow for joined up and informed decision-making across the breadth of the City Corporation's operation and functions. This framework provides a means for formal consultation between City Corporation committees by reference of business from one committee to another for consideration and comment, with reference back to the responsible decision-making committee.
27. Moreover, it provides that Joint Committees or sub-committees may be constituted (whether to meet on a regular/specified basis or for a specific purpose/project) to allow for joined-up discussion and consideration of issues which affect more than one committee or which involve the City Corporation acting in its different legal capacities, whilst importantly providing for independent decision-making in the exercise of the separate functions (and have been adopted previously). With the constitution of the proposed BHE Board these joint meetings of decision-making committees/sub-committees of the Court could easily be instituted to allow matters of common interest to BHE and the other City Corporation Funds to be considered together in a joint forum and independent decisions taken (thus complying with the City Corporation's obligations as charity Trustee of BHE). (Refer Standing Order 28.)
28. Members will be further engaged in implementing the corporate governance arrangements to be adopted upon the creation of the BHE Board (per paragraphs 25-27 above). Further to discussion at the Policy & Resources Committee, provided it is considered to be in the best interests of the charity, it would be possible for the BHE Board to seek the advice of another committee of the Court to inform the Board's decision-making, not least the Investment Committee on investment matters and the Policy & Resources Committee on the Corporation's wider strategic objectives which are relevant to the charity (e.g. the climate action strategy). Equally, it would also be possible for the BHE Board to establish an investment sub-committee which substantially draws from the membership of the Investment Committee (or its sub-committees), or for joint meetings of the BHE Board and the Investment Committee to take place biannually to consider common matters of strategic and operational importance to the charity in the oversight and management of the investments under the City Corporation's control. Any governance arrangements which are adopted for the forthcoming year will, of course, be reviewed following the grant of the Supplemental Royal Charter and in light of any future changes to the City Corporation's governance following the Governance Review.
29. The creation of a BHE Board with the Terms of Reference proposed would result in changes to existing Terms of Reference of committees which currently discharge

BHE functions. As noted above, further consideration will be given to the governance arrangements to be adopted to support collaboration and co-operation across the City Corporation's Funds/functions having regard to existing governance structures. It is also specifically recommended that any new BHE Board consider constituting a sub-committee to focus on the charity's grant funding programme, including to make provision for the appointment of persons serving on the existing City Bridge Trust Committee for the first year to help ensure continuity in this part of the charity's business.

Next Steps

30. As outlined above, if Members approve the draft Terms of Reference for a BHE Board, the next step will be to present the Terms of Reference to the Court of Common Council in April 2021 for approval in constituting all the Court's Committees in 2021/22 in the usual way. It is expected that this timing will fit with the grant of the new Supplemental Royal Charter which would provide new powers and flexibilities to the charity.
31. As a consequence of constituting the BHE Board, other changes will be required to the City Corporation's own corporate governance documents, such as Standing Orders, Scheme of Delegations, Financial Regulations, Procurement Code and the Project Procedure. It is therefore recommended that reference in these documents to the new BHE Board be substituted for any other Committee reference as it relates to the discharge of BHE functions which are delegated to that Board.

Conclusion

32. Members, acting collectively for the City Corporation as Trustee and solely in the best interests of the charity, are recommended to support the constitution of a BHE Board and the proposed draft Terms of Reference set out at **Appendix A**. The creation of a BHE Board is considered to be a key outcome of the BHE Review as it will help ensure the City Corporation's compliance with its charity law duties and specific responsibilities as Trustee of BHE. Lord Lisvane endorsed the BHE Review recommendations, and the proposals also demonstrate significant progress in implementing relevant Governance Review recommendations. If approved, the BHE Board will be constituted from April 2021.

Background papers

- Report to Policy and Resources Committee, entitled Proposal to Establish a Bridge House Estates Committee, dated 10 December 2020 (Item 6)
- Corporate Governance of the City of London Corporation, Report of a Review by the Lord Lisvane KCB DL, September 2020.
- Bridge House Estates Internal Member Governance Proposal, Submission to the Corporate Governance Review, March 2020.

Appendices

- Appendix A – Draft Terms of Reference for a BHE Board
- Appendix B – Trustee Duties

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

DATED this 18th day of February 2021.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chair, Policy and Resources Committee

Appendix A - Draft Terms of Reference for a Bridge House Estates Board

BRIDGE HOUSE ESTATES BOARD

1. Constitution*

A Non-Ward Committee discharging charity trustee functions independently for the City Corporation as Trustee of Bridge House Estates (Charity Registration No. 1035628), acting solely in the best interests of the charity, consisting of,

- 8 Commoners appointed by the Court of Common Council for a four-year term
- 2 Aldermen nominated by the Court of Aldermen and appointed by the Court of Aldermen for a four-year term
- 2 external co-opted members (with full voting rights, recruited by the Board in accordance with the procedure approved by the Court)

and each is a "Member".

*Appointments from each category of Member will be on a staggered basis to ensure continuity in the discharge of the Board's business over the medium term. Any person appointed to the Board may only serve for a maximum of two consecutive terms.

2. Quorum

The quorum consists of any five Members of the Board.

3. Membership [INSERT RELEVANT YEAR IN EACH ANNUAL CYCLE]

ALDERMEN

[To be listed alphabetically by Surname with the number of years already served on the Board in brackets. To state the date they were appointed and the date their appointment is due to expire.]

COMMONERS

[To be listed alphabetically by Surname with the number of years already served on the Board in brackets. To state the date they were appointed and the date their appointment is due to expire.]

CO-OPTEDS

Together with the following external Co-opted Members referred to in paragraph 1 and appointed by the Court of Common Council at the recommendation of this Board in accordance with the procedure for their appointment approved by the Court which provides that Co-opted Members will be selected on the basis of their skills, knowledge and experience in order to ensure that the Board is made up of those with an appropriate balance of skills, knowledge and experience necessary to administer the charity on behalf of the Court:

[To be listed alphabetically by Surname and to state the date they were appointed and the date their appointment is due to expire.]

4. Frequency of meetings

The Board will meet at least 6 times in any calendar year. In addition, there will be one strategic away day each year.

5. Terms of Reference of the Delegated Authority

- (a) For the avoidance of doubt, consistent with the responsibilities of the City of London Corporation acting by the Common Council, as charity Trustee of Bridge House Estates (Charity Registration No. 1035628) ("the Charity"), the Court of Common Council must at all times retain proper oversight of the functions delegated to this Board, with certain matters reserved to the Court of Common Council as stated in these Terms of Reference or by a separate decision of the Court.
- (b) The following matters are reserved to the Court of Common Council:
 - (i) Appointment and removal of members of the Board and ensuring that the Board retains appropriate skills, knowledge and experience;
 - (ii) Amendment of the governing documents of the Charity;
 - (iii) Approval of the annual report and financial statements for the Charity;
 - (iv) Approval of the budget for the Charity;
 - (v) Approval of the amount of income considered surplus to the requirements of the Charity's primary object to be allocated for application to the ancillary object each year ("surplus income");
 - (vi) Annual approval of the Charity's Risk Register;
 - (vii) Appointment of auditors;
 - (viii) Approval of the Charity's strategy, including its overarching strategy, investment strategy, bridge replacement strategy, charitable funding strategy and communications strategy;
 - (ix) Approval of the Charity's conflict of interest policy, reserves policy, investment policy, and policy for the application of surplus income;
 - (x) Approval of the process to be adopted for the appointment of co-opted independent members to the Board and its sub-committees, ensuring that those appointed have regard to diversity and inclusion on the Board;

Generally

- (c) Except for those matters reserved to the Court of Common Council, the Board will be responsible for all aspects of Bridge House Estates' day-to-day management and administration in the discharge of the City of London Corporation's functions as Trustee of the Charity, acting solely in the best interests of the Charity, subject always to the delegated authority being exercised in accordance with any strategy, policy and/or procedure set by, or other direction of, the Court.

Specifically

- (d) Except for those matters reserved to the Court of Common Council, the Board will be responsible for:
 - (i) Ensuring governance & regulatory compliance - including compliance with the Charity's governing documents, all relevant legal and regulatory requirements, and the governance framework adopted by the City Corporation in its administration of the Charity as Trustee – and for keeping such matters under review making relevant recommendations to the Court of Common Council for the Charity's good administration;

- (ii) Considering, consulting upon, settling and keeping under review, matters of policy and/or strategic importance to Bridge House Estates, and making relevant recommendations to the Court of Common Council for the Charity's good administration;
- (iii) monitoring the integrity of and preparing the Charity's financial statements, including its Annual Report, to ensure they conform with applicable accounting standards, for recommendation to the Court of Common Council for approval;
- (iv) overseeing the Charity's external and internal audit functions, and making appropriate recommendations on the appointment of an auditor of the Charity's Accounts;
- (v) appointing any investment or fund managers, nominees or agents to act for the Trustee and keeping their activities under review to ensure their compliance with any authority, mandate, policy or requirements which have been set for that purpose;
- (vi) all functions relating to the administration of any of the Charity's assets and property held in any asset class, whether functional assets (including the five bridges), operational assets or investment assets;
- (vii) determining resource allocation for the Charity in accordance with its strategic policies and any budget set by the Court of Common Council, including making recommendations to the Court on the allocation of surplus income;
- (viii) all decisions relating to the application of surplus income;
- (ix) scrutiny, management and delivery of major projects and/or programmes of work for the Charity;
- (x) identifying, managing, mitigating against, monitoring, reviewing and reporting to the Court on any risks relating to the administration of the Charity;
- (xi) ensuring effective operational arrangements are in place for the proper administration of the Charity, and to support expedient and efficient delivery of the Charity's objects and activities, including the overall organisation and structure of delivery of the Charity's business within the City Corporation's business operating model, and the appointment of contractors and suppliers.

Delegation

- (e) The Board may appoint such sub-committees as are considered necessary for the efficient and effective discharge of any of the functions conferred on the Board, and may appoint such members of the Board (including for the avoidance of doubt any of the co-opted members of the Board), and/or such elected Members serving on any other Committees of the Court of Common Council who are considered to have the necessary skills, knowledge and experience to better support the proper discharge of the relevant sub-committee's functions, and/or any co-opted member appointed by the Board to a sub-committee in accordance with the process adopted by the Court per paragraph 5(b)(x) above, subject always to elected Members forming the majority of those in attendance at any sub-committee meeting to form a quorum.

Reporting

- (f) The Board must report to the Court of Common Council at least biannually on the exercise of this delegated authority in such form as the Court requires.

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Appendix B – Trustee Duties

1. As Trustee of BHE, the City Corporation, acting by the Court of Common Council, has a number of core legal duties in relation to BHE which include duties:
 - (a) to (only) promote the charitable purposes of BHE;
 - (b) to comply with BHE's governing documents and the law;
 - (c) to only take decisions which are consistent with BHE's charitable purposes and within the powers contained in BHE's governing documents and conferred by law;
 - (d) to act in good faith and only the best interests of BHE (which includes managing any potential conflicts of interest or loyalty that may arise in relation to the City Corporation's other business);
 - (e) to safeguard and protect the assets of BHE; and
 - (f) to act with reasonable care and skill when making decisions that affect BHE (also known as the 'duty of care').
2. The City Corporation, as Trustee, also has specific legal duties which arise in the context of particular activities, for example, when investing the assets of BHE. In the exercise of its Trustee functions, the City Corporation, acting by the Court of Common Council, must comply with the relevant law and BHE's governing documents, (which are complex having regard to the ancient nature of the charity and its historic relationship to its Trustee, the City Corporation). The powers applicable in relation to BHE are more limited than the full raft of powers which are available to the City Corporation acting in its own corporate capacity. It is therefore crucial that those who serve on committees and sub-committees of the Court charged with responsibilities in relation to BHE, operating within the City Corporation's own internal governance structure, understand the governing documents of BHE, the relevant charity law requirements and expected standards of charity good governance, and the extent and limits of the City Corporation's powers in relation to BHE and the particular duties which apply.
3. As noted above, a charity Trustee is legally required to act only in the best interests of the charity and must not put themselves in any position where their duties as trustee may conflict with the Trustee's own interests. It is essential that a charity trustee identifies and manages any conflicts (which includes any situation where the Trustee's own interests or loyalties could or could be seen to prevent the Trustee from making a decision only in the best interests of the charity) in accordance with the charity's governing document and the law. One particular area of conflict is where there is a potential benefit to the Trustee (or, here, to the Members of the Court as members of the Trustee's responsible executive body). The Trustee (or Member) cannot benefit from their charity or that relationship, i.e. any "self-benefit" is prohibited, unless **authorised** by the charity's governing document or the law, even if it can be objectively demonstrated that any transaction or arrangement was beneficial to the charity. This is a strict prohibition in law.
4. The draft Supplemental Charter incorporates more comprehensive express provisions authorising trustee benefits. It reflects standard provisions which one might find in a modern governing document for a charity, supports greater collaboration for the City Corporation acting as Trustee of BHE and in its separate legal capacities, and removes any doubt over current arrangements which exist by custom and practice. Express provision is also made in the draft Charter for companies connected to elected Members and their families to receive limited remuneration relating to their provision of goods and services to the charity consistent with the provisions in the Charities Act 2011, as the Members are considered by virtue of the role they undertake collectively in acting for the Trustee to also require authorisation of these benefits, subject to conflicts being managed and subject to the City Corporation's own internal benefits policy (i.e. the Members' Code

of Conduct). Otherwise, the draft Charter is consistent with standard charity practice and the legal framework for charity trustees in not providing for elected Members to be remunerated, or directly or indirectly benefit from the charity's funds (except as a beneficiary of the charity where that benefit is shared with the public such as use of the bridges).

Report – Policy and Resources Committee

Fraud and Cyber Crime Reporting Service - Governance

To be presented on Thursday, 4th March 2021

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

SUMMARY

The next generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS) will be a replacement for Action Fraud, the national fraud reporting service, which is a key component of the City of London Police's (COLP) function as National Lead Force for Economic Crime. While the COLP has been nominated to lead the procurement of the new service, it remains majority funded by the Home Office, so is subject to their rigorous governance. Due to the estimated cost of the project exceeding £100m, it is also subject to HM Treasury governance and as well as being subject to the government's Infrastructure and Project Authority's (IPA) gateway process. The project is also currently required to report to a number of City of London Corporation Committees and Sub-Committees. 'Governance overload' was cited as a critical risk to the project by the IPA in its recent Gateway 2 report. This was a view shared at the Home Office Finance and Investment Committee, which is due to consider the project on 18th March 2021 for approval to the next stage. Given their stated concerns this proposal aims to address the governance relating to the City of London Corporation ahead of this critical decision point.

In order to streamline the governance and provide assurance that this risk is being recognised and mitigated, it is proposed that a dedicated Committee is established to take on the oversight and decision-making roles of the Committees and Sub-Committees that the project would otherwise report to. The new committee would be called the Fraud and Cyber Crime Reporting and Analysis Service Procurement Committee. The Chairs and Deputy Chairs of those Committees and Sub-Committees that the project would otherwise report to would comprise the membership of this new Committee, which would be time-limited for the duration of the procurement (no more than three years). This would address the serious concerns of the Home Office and IPA, while maintaining appropriate oversight and scrutiny of the procurement of what is a critical service for COLP and the Corporation.

RECOMMENDATION

It is recommended to the Court of Common Council that it approves the establishment of a Fraud and Cyber Crime Reporting and Analysis Service Procurement Committee to oversee the procurement of the next generation Fraud and Cyber Crime Reporting and Analysis Service. The new committee is to be time limited to a period of three

years (from April 2021 to April 2024) to cover the duration of the procurement of this service. The new Committee will take on the responsibilities of those Committees and Sub-Committees currently overseeing this project, whose Chairs and Deputy Chairs will comprise the membership of the new Committee (as set out at Appendix 1).

MAIN REPORT

Background

1. The next generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS) is the replacement of the current service known as Action Fraud and the system which supports the National Fraud Investigation Bureau. While the procurement of FCCRAS is led by the City of London Police, it is a majority Home Office funded project, and as such is subject to significant Home Office governance. In addition, due to the estimated total cost of the project exceeding £100m, it is also subject to wider HM Treasury and Cabinet Office governance. Its size has also led to it being required to undergo the government's Infrastructure and Projects Authority gateway process.

Current Position

2. The Home Office's Finance & Investment Committee (FIC) is meeting on 18th March 2021 to consider whether to approve the project for progression to the next stage of procurement. At their previous meeting in January, approval was withheld with two particular concerns highlighted: lack of clarity on the funding for the service; and the complex and excessive governance the project is subject to. The discussions with the Home Office around funding are ongoing. With regard to governance, the Home Office has already reduced the number of committees/boards the project must report to and is looking to the City of London Corporation to make similar commitments. Being able to demonstrate these changes in time for the FIC meeting on 18th March 2021 should help allay concerns around the governance, reducing the likelihood that approval will be withheld a second time.

Proposal

3. To establish a new Committee to take on the oversight and scrutiny of the FCCRAS, taking on this responsibility from those Committees and Sub-Committees (other than the Police Authority Board) that the project is currently required to report to: Finance; Procurement Sub (Finance) Committee; Project Sub (Policy and Resources) Committee; and Digital Sub (Finance) Committee.
4. This will mean the project is only required to report to the Police Authority Board and the newly established Committee. While this proposal is for consideration ahead of the wider governance changes deriving from the Lisvane Review, and recommends the establishment of a new committee, it is with the ambition of achieving proportionate and effective oversight of this project. Timing is also critical as the project is being considered for approval to the next stage of its procurement by the Home Office Finance and Investment Committee, which has recently raised its concerns over the breadth of governance that the project is

subject to. This is also a key finding of the Infrastructure and Projects Authority Gateway 2 report, which highlighted 'governance overload' as one of its critical concerns. The Home Office has since removed the need for the project to pass through its Business Design Authority and Technical Design Authority and is looking to the Corporation to make a similar commitment to address this concern.

5. The new Committee will comprise:

- Chair and Deputy Chair of the City of London Police Authority Board
- Chair and Deputy Chair of the Policy and Resources Committee
- Chair and Deputy Chair of the Finance Committee
- Chair and Deputy Chair of the Procurement Sub (Finance) Committee
- Chair and Deputy Chair of the Project Sub (Policy and Resources) Committee
- Chair and Deputy Chair of the Digital Sub (Finance) Committee

The above Committees may also propose additional individuals from their membership where they believe they will bring relevant expertise and experience to the Committee's deliberations (limited to one nomination per Committee and Sub-Committee).

6. Appendix 1 outlines the proposed terms of reference of the new Committee.

7. This proposal has the full support of all the relevant Committees and Sub-Committees following formal consultation on this matter.

Conclusion

8. The FCCRAS is a critical project for the COLP and the City of London Corporation, as it is a key component of the force's function as National Lead Force for Economic Crime, supporting the City's ambition to be a safe place to do business.
9. Creating a new Committee to have responsibility for the oversight of the procurement of this service will significantly streamline the governance and address strong concerns about 'governance overload' from wider Government stakeholders, while maintaining appropriate Member oversight and scrutiny. Doing so now will help allay concerns ahead of the project's next key approval point at the Home Office's Finance and Investment Committee on 18th March 2021. This proposal has the full support of all the relevant Committee Chairs and Deputy Chairs. The Court is therefore asked to agree the establishment of this new Committee to allow this proposal to be enacted.

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

DATED this 18th day of February 2021.

SIGNED on behalf of the Committee.

Catherine McGuinness
Chair, Policy and Resources Committee

**FRAUD AND CYBER CRIME REPORTING AND ANALYSIS SERVICE
PROCUREMENT COMMITTEE**

1. Constitution

A Committee comprising:

- Chair and Deputy of City of London Police Authority Board
- Chair and Deputy of Policy and Resources Committee
- Chair and Deputy of Finance Committee
- Chair and Deputy of Procurement Sub (Finance) Committee
- Chair and Deputy of Project Sub (Policy and Resources) Committee
- Chair and Deputy of Digital Sub (Finance) Committee

The above Committees may also propose additional individuals from their membership where they believe they will bring relevant expertise and experience to the Committee's deliberations (limited to one nomination per Committee).

2. Quorum

The quorum consists of any six Members (to be drawn from the relevant Chairs and Deputy Chairs).

3. Terms of Reference

For a period of three years, from April 2021 to April 2024, to be responsible for oversight of all matters relating to the procurement of the Next Generation Fraud and Cyber Crime Reporting and Analysis Service.

Report – Policy and Resources Committee

Report of Urgent Action Taken: London Councils Grants Scheme 2021/22 Levy

To be presented on Thursday, 4th March 2021

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

SUMMARY

The City of London Corporation is responsible for issuing the annual levies for subscriptions to all the constituent councils of the London Councils Grants Scheme (LCGS). The Court of Common Council can only consider the levies for the ensuing year if at least two-thirds of the constituent councils (i.e. 22 out of 33 of the London local authorities) have approved the total expenditure to be incurred under the Grants Scheme. If the requisite approvals are not received by 1 February, under the Grants to Voluntary Organisations (Specified Date) Order 1992 made under the LGA 1985, the total expenditure will be deemed to be the same as that approved in the previous year.

Having received confirmation from London Councils that the budget had not been agreed by two thirds of the Constituent Councils, the total expenditure was deemed to be the same as that approved for the 2020/21 year. As the total expenditure approved in the previous year (£6.668m) was the same level as that recommended for this year (£6.668m), the decision could be progressed without amendment. The approval of the Court was then sought under the urgency procedures to issue the levies before the statutory deadline of 15 February 2021.

We therefore report that, on 4 February 2021, approval was given in accordance with Standing Order No. 19 to issue the levies as set out in the appendix to this report.

MAIN REPORT

1. The budget for the London Councils Grants Scheme and the City of London Corporation's contribution to the Scheme is considered on an annual basis by your Policy and Resources Committee. At its meeting on 21 January 2021 the Committee considered and approved the total amount of expenditure to be incurred in 2021/22 (£6.668m, to come from the constituent councils of the Scheme) as well as the City Corporation's subscription to it (£7,233).
2. The City Corporation is also responsible for issuing levies for subscriptions to all the constituent councils of the Scheme. This element of the Grants Scheme can only be approved by the Court of Common Council. The London Councils' Grants Scheme operates under section 48 of the Local Government Act 1985 which requires at least two-thirds of the constituent councils (i.e. 22 out of 33 of

the London local authorities) to have approved the total expenditure to be incurred for the ensuing year. Constituent councils have until 1 February to do this and a decision to issue the levies cannot be taken until such time as this has happened. The Court is therefore required to make its decision as levying body between 1 and 15 February each year as, in accordance with regulations, levies have to be issued before 15 February 2021.

3. London Councils confirmed that less than two-thirds of constituent councils had agreed the expenditure to be incurred for 2021/22, with nineteen councils agreeing the expenditure. Of the remaining fourteen councils, fourteen did not confirm approval by the 1 February deadline, with no councils rejecting the expenditure.
4. Consequently, the total expenditure was deemed to be that approved for the 2020/21 year. The total expenditure approved for the 2020/21 year was £6.668m, the same level as that recommended for this year (£6.668m). Therefore, the total budget remained the same, and the issuing of levies could proceed without amendment to the recommended amounts, pending the approval of the Court of Common Council.
5. Approval to issue the levies before the statutory deadline was sought under urgency procedures pursuant to Standing Order No.19 (as the Court of Common Council was not due to meet ahead of 15 February).
6. Approval was subsequently given to a levy of £6.668m being applied to constituent councils for 2021/22, as set out in the appendix to this report.

APPENDIX – Borough Subscriptions for 2021/22.

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

DATED this 4th day of February 2021.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chair, Policy and Resources Committee

Grants Committee Income and Expenditure Budget 2021/22

Expenditure	Revised Budget 2020/21 £000	Developments £000	Inflation £000	Original Budget 2021/22 £000
Payments in respect of Grants				
London Councils Grants Programme	6,173	0	0	6,173
Membership Fees to London Funders (for all boroughs)	60	0	0	60
European Social Fund Co-Financing	0	0	0	0
Sub-Total	6,233	0	0	6,233
Operating (Non-Grants) Expenditure				
Contractual Commitments				
Maintenance of GIFTS Grants IT system	10	0	0	10
	10	0	0	10
Salary Commitments				
Officers	228	-16	6	218
Members	19	0	0	19
Maternity provision	10	0	0	10
	257	-16	6	247
Discretionary Expenditure				
Staff training/recruitment advertising	7	0	0	7
Staff travel	2	0	0	2
	9	0	0	9
Total Operating Expenditure	276	-16	6	266
Central Recharges	159	0	10	169
Total Expenditure	6,668	-16	16	6,668
Income				
Core borough subscriptions				
Contribution to grant payments	6,173	0	0	6,173
Contribution to non-grants expenditure	495	0	0	495
	6,668	0	0	6,668
Transfer from Reserves	0	0	0	0
Central Recharges	0	0	0	0
Total Income	6,668	0	0	6,668
Net Expenditure	0	16	-16	0

Grants Programme Borough Subscriptions 2021/22

ONS Mid-2018 Estimate of Population ('000)	%	2020/21 Base Borough Contribution (£)		ONS Mid-2019 Estimate of Population ('000)	%	2021/22 Base Borough Contribution (£)	Base Difference from 2020/21 (£)
Inner London							
262.23	2.94%	196,291	Camden	270.03	3.01%	200,915	4,623
8.71	0.10%	6,520	City of London	9.72	0.11%	7,233	713
286.19	3.21%	214,227	Greenwich	287.94	3.21%	214,243	16
279.67	3.14%	209,346	Hackney	281.12	3.14%	209,167	-179
185.43	2.08%	138,803	Hammersmith and Fulham	185.14	2.07%	137,755	-1,048
239.14	2.68%	179,007	Islington	242.47	2.71%	180,407	1,400
156.20	1.75%	116,923	Kensington and Chelsea	156.13	1.74%	116,168	-756
325.92	3.66%	243,966	Lambeth	326.03	3.64%	242,585	-1,381
303.54	3.41%	227,214	Lewisham	305.84	3.41%	227,561	347
317.26	3.56%	237,484	Southwark	318.83	3.56%	237,225	-259
317.71	3.57%	237,821	Tower Hamlets	324.75	3.62%	241,626	3,805
326.47	3.66%	244,378	Wandsworth	329.68	3.68%	245,296	918
255.32	2.87%	191,119	Westminster	261.32	2.92%	194,432	3,313
3,263.79	36.64%	2,443,099		3,299.00	36.81%	2,454,612	11,513
Outer London							
212.00	2.38%	158,692	Barking and Dagenham	212.91	2.38%	158,412	-280
392.14	4.40%	293,535	Barnet	395.87	4.42%	294,546	1,010
247.26	2.78%	185,086	Bexley	248.29	2.77%	184,738	-348
330.80	3.71%	247,619	Brent	329.77	3.68%	245,366	-2,254
331.10	3.72%	247,844	Bromley	332.34	3.71%	247,274	-570
385.35	4.33%	288,453	Croydon	386.71	4.32%	287,731	-722
341.98	3.84%	255,988	Ealing	341.81	3.81%	254,320	-1,668
333.87	3.75%	249,917	Enfield	333.79	3.72%	248,359	-1,558
270.62	3.04%	202,572	Haringey	268.65	3.00%	199,886	-2,685
250.15	2.81%	187,249	Harrow	251.16	2.80%	186,875	-374
257.81	2.89%	192,983	Havering	259.55	2.90%	193,119	136
304.82	3.42%	228,172	Hillingdon	306.87	3.42%	228,326	154
270.78	3.04%	202,691	Hounslow	271.52	3.03%	202,026	-665
175.47	1.97%	131,348	Kingston upon Thames	177.51	1.98%	132,074	726
206.19	2.31%	154,343	Merton	206.55	2.30%	153,682	-661
352.01	3.95%	263,496	Newham	353.13	3.94%	262,749	-747
303.86	3.41%	227,453	Redbridge	305.22	3.41%	227,100	-354
196.90	2.21%	147,389	Richmond upon Thames	198.02	2.21%	147,336	-53
204.53	2.30%	153,100	Sutton	206.35	2.30%	153,534	433
276.70	3.11%	207,123	Waltham Forest	276.98	3.09%	206,089	-1,034
5,644.34	63.36%	4,225,053		5,662.99	63.19%	4,213,540	-11,513
8,908.13	100.00%	6,668,152	Totals	8,961.99	100.00%	6,668,152	0

6,668,152

6,668,152

Capital Buildings Committee

Extension of the current Chairman's term

To be presented on Thursday, 4th March, 2021

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

SUMMARY

In accordance with Standing Order 29(2) the Chairman of Capital Buildings Committee is subject to annual re-election and is limited to serving a maximum term of three years.

The current Chairman is now in his third and final year and is not currently eligible to seek election for a fourth year in this position.

Capital Buildings Committee is currently at a critical stage in overseeing the range of projects it is responsible for delivering. Following a recommendation of the Chair of Policy and Resources Committee, Members unanimously agreed that maintaining continuity of leadership would be crucial in guiding the work of the Committee during the next year.

RECOMMENDATION

We consequently **recommend** that the Court of Common Council agree to waive Standing Order No. 29(2) in respect of the Chairmanship of the Capital Buildings Committee for a period of one year, to allow the current Chairman to be eligible to seek a fourth year as Chairman.

MAIN REPORT

Current Position

1. Capital Buildings Committee at its meeting on 13th January 2021 considered a proposal of the Chair of Policy and Resources Committee that the Chairman's term be extended by one additional year into a fourth year. This would allow for continuity of leadership to be maintained during a critical period for the Committee and the major projects it is responsible for overseeing and delivering.
2. Members acknowledged that Capital Buildings Committee was at a critical stage in overseeing the Combined Courts and City of London Police Accommodation Strategy projects and that continuity of leadership on the Committee would be crucial over the next year as the City Corporation works through the Lisvane Review recommendations relating to Governance, which would ultimately establish where the City Corporation goes with all its committee structures.
3. The Chairman of the Committee has indicated that, subject to the Court's approval, he would be willing to stand for a fourth year.

4. The Committee believe that an extension would offer significant advantages in retaining the knowledge the current Chairman would continue to bring to the Committee as it moves forward and works through the major projects it is responsible for overseeing and delivering.
5. Policy and Resources Committee considered at its meeting on 18th February 2021 a resolution of Capital Buildings Committee proposing an extension to the Chairman's term by one additional year and the recommendation was fully supported.
6. The Court is being asked to agree to the waiver of Standing Order No. 29(2) to enable the current Chairman to stand for a fourth year. Whilst this arrangement would be outside of Standing Orders, it would allow for the continuity of leadership and knowledge in overseeing the City Corporation's major projects during a period of change over the next year as recommendations from the Lisvane Review are fully implemented.

Recommendation

7. This report asks the Court of Common Council to note the unanimous view of Capital Buildings Committee and the agreement of Policy and Resources Committee that the current Chairman be eligible to serve for one additional year and seeks the Court's approval to suspend Standing Orders to accommodate this.

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

DATED this 13th day of January 2021.

SIGNED on behalf of the Committee.

Sir Michael Snyder
Chairman, Capital Buildings Committee

Report – Audit and Risk Management Committee

External Member Recommendation

To be presented on Thursday, 4th March 2021

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

SUMMARY

In September 2011, the Court of Common Council agreed that the Audit and Risk Management Committee should have the ability to recruit up to three External Members to provide additional expertise and challenge.

The final term of one of the current External Members is due to expire on 31 March 2021 and, in advance of this, a recruitment process has been undertaken to identify a suitable successor. This report outlines that process and **recommends** to the Court the appointment of the successful candidate.

RECOMMENDATIONS

Members of the Court are asked to agree the recommendation of Gail Le Coz as an External Member of the Audit and Risk Management Committee, for an initial three-year term commencing 1 April 2021.

MAIN REPORT

Background and Process

1. The constitution of the Audit and Risk Management Committee allows for the recruitment of three External Members (i.e. not Members of the Court of Common Council) onto the Committee through an open process. A Nominations Sub-Committee has been established by the Audit and Risk Management Committee to oversee the recruitment process.
2. For the External Member recruitment which took place in 2019, the Chamberlain's Department conducted a skills assessment of existing Members of the Audit and Risk Management Committee in order to determine the skill-level of the Committee. This skills assessment was updated in 2020 in order to revise the role profile in accordance with the skills that exist in the Committee in light of changes in Committee membership in July 2020.
3. The vacancy was advertised in a number of national newspapers in October and November of 2020. The Nominations Sub-Committee was pleased to note that the vacancy had been subsequently posted on womenonboards.net.
4. 12 applications were received, and 4 candidates were interviewed. There was gender balance amongst the applicants. 12 applications were received, and 4

candidates were interviewed. There was gender balance amongst the applicants. A number of potential conflicts from Sub-Committee Members were declared at the screening and subsequent selection process.

5. The selection panel consisted of the following individuals:
 - Alexander Barr, Chairman
 - Alderman Ian Luder, Deputy Chairman
 - Deputy Jamie Ingham Clark
 - Alderman Prem Goyal
 - Caroline Mawhood
 - Dan Worsley
 - Matt Lock (Head of Audit and Risk Management, Chamberlain's Department)
6. Following the interview process, the panel recommended that Gail Le Coz be appointed to the role. The recommendation was considered by the Audit and Risk Management Committee on 13 January 2021 and the Committee agreed the panel's decision to recommend Gail Le Coz to the Court of Common Council.
7. In the application and interview, Mrs Le Coz presented a strong set of experience in governance and trustee roles. As Global Head of Regulatory Development in her current role, her expertise would be valuable to the Committee in terms of a strategic and considered approach to governance and risk.
8. The panel was impressed by the high quality of candidates who applied and who were interviewed. Following deliberations, Mrs. Le Coz was deemed to be the successful candidate due to her strong knowledge in a number of risk areas, performance in the interview and the likely working fit with the Committee. As such, the panel was confident that the candidate would contribute to the dynamism of the Audit and Risk Management Committee, and be additive to the overall challenge offered to the Corporation.
9. The Chairman had declared a potential conflict at the application screening stage, as the candidate was a former colleague, and therefore did not lead the interview and self-recused from voting.

Conclusion

10. The Committee now seeks the approval of the Court of Common Council to confirm Gail Le Coz's appointment as External Member for the Audit and Risk Management Committee, for an initial three-year term beginning 1 April 2021.

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

DATED this 9th day of February 2021

SIGNED on behalf of the Committee.

Alexander Barr
Chairman, Audit and Risk Management Committee

Report – Planning and Transportation Committee

Annual On-Street Parking Accounts 2019/20 and Related Funding of Highway Improvements and Schemes

To be presented on Thursday, 4th March 2021

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

SUMMARY

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

The purpose of this report is to inform Members that:

- the surplus arising from on-street parking activities in 2019/20 was £10.876m;
- a total of £5.005m was applied in 2019/20 to fund approved projects; and
- the surplus remaining on the On-Street Parking Reserve at 31st March 2020 was £42.713m, which will be wholly allocated towards the funding of various highway improvements and other projects over the medium term.

RECOMMENDATION

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

MAIN REPORT

Background

1. Section 55(3A) of the Road Traffic Regulation Act 1984 (as amended), requires the City of London in common with other London authorities (i.e. other London Borough Councils and Transport for London), to report to the Mayor for London

on action taken in respect of any deficit or surplus in their On-Street Parking Account for a particular financial year.

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

2019/20 Outturn

4. The overall financial position for the On-Street Parking Reserve in 2019/20 is summarised below:

	£m
Surplus Balance brought forward at 1st April 2019	36.842
Surplus arising during 2019/20	10.876
Expenditure financed during the year	(5.005)
Funds remaining at 31st March 2020, wholly allocated towards funding future projects	42.713

5. Total expenditure of £5.005m in 2019/20 was financed from the On-Street Parking Reserve, covering the following approved projects:

Revenue/SRP Expenditure:	£000
Highway resurfacing, maintenance & enhancements	(2,484)
Off-Street car parking contribution from reserves	(554)
Concessionary fares & taxi card scheme	(498)
West Smithfield Area Public Realm & Transportation	(177)
Thames Court footbridge	(115)
Special needs transport	(85)
Minories car park structural building report	(83)
Holborn Viaduct & Snow Hill pipe-subways	(44)
Aldgate	(40)
City Wayfinding Signage/Legible London	(39)
HVM security team	(33)
Bank Junction experimental safety scheme	(32)
Other Schemes	(7)
Total Revenue/SRP Expenditure	(4,191)
Capital Expenditure:	
Street lighting project	(650)
City Wayfinding Signage/Legible London	(359)
HVM security bollards	(403)
Bank Junction experimental safety scheme	(152)
Barbican Podium waterproofing – phase 2	(29)
Other Schemes	(10)
Aldgate – Highway Changes and Public Square	789
Total Capital Expenditure	(814)
Total Expenditure Funded in 2019/20	(5,005)

6. The surplus on the On-Street Parking Reserve brought forward from 2018/19 was £36.842m. After expenditure of £5.005m funded in 2019/20, a surplus

balance of £5.871m was carried forward to future years to give a closing balance at 31st March 2020 of £42.713m.

7. Currently total expenditure of some £96.6m is planned over the medium term from 2020/21 until 2024/25 (as detailed in Table 1), by which time it is anticipated that the existing surplus plus those estimated for future years will be fully utilised.
8. The total programme covers numerous major capital schemes including funding towards the Barbican podium waterproofing; West Smithfield area public realm & transportation project; Bank Junction permanent improvement scheme; Lindsey Street Bridge strengthening; Holborn Viaduct & Snow Hill pipe-subways repairs; London Wall car park waterproofing, joint replacement & concrete repairs; London Wall car park ventilation, electrics, lighting & fire alarms; Dominant House footbridge repairs; Fire safety at the car parks; Public Realm climate action initiatives; Embed climate resilience measures into Public Realm works; Temple Area traffic review; St Pauls gyratory.
9. The programme also covers ongoing funding of revenue projects the main ones being highway resurfacing, enhancements & road maintenance projects; concessionary fares & taxi cards; contributions to the costs of Off-Street car parks and special needs transport. The progression of each individual scheme is, of course, subject to the City's normal evaluation criteria and Standing Orders.
10. A forecast summary of income and expenditure arising on the On-Street Parking Account and the corresponding contribution from or to the On- Street Parking surplus, over the medium-term financial planning period, is shown below:

Table 1 On-Street Parking Account Reserve Projections 2019/20 to 2024/25	2019/20 Actual £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m	Total £m
Income	16.6	15.5	16.8	17.0	14.2	13.9	94.0
Expenditure (<i>Note 1</i>)	(5.7)	(4.6)	(4.8)	(4.7)	(4.7)	(4.7)	(29.2)
Net Surplus arising in year	10.9	10.9	12.0	12.3	9.5	9.2	64.8
Capital, SRP and Revenue Commitments	(5.0)	(7.3)	(28.2)	(30.9)	(21.0)	(9.2)	(101.6)
Net in year contribution (from)/ to surplus	5.9	3.6	(16.2)	(18.6)	(11.5)	0.0	(36.8)
(Deficit) / Surplus cfwd at 1 st April	36.8	42.7	46.3	30.1	11.5	0.0	
(Deficit) / Surplus cfwd at 31st March	42.7	46.3	30.1	11.5	0.0	0.0	

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

11. A noticeable reduction in income is forecast from 2023/24 onwards mainly relating to reduced income from traffic restriction enforcement through improved camera technology, including yellow box junctions and banned turns.

Depending upon future motorist's compliance and return to normal business operating following COVID-19, these forecast future income streams may need further refining.

Conclusion

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

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

DATED this 16th day of February 2021.

SIGNED on behalf of the Committee.

Deputy Alastair Moss
Chair, Planning and Transportation Committee

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Report – Port Health & Environmental Services Committee

Animal Reception Centre – Heathrow Airport: Annual Review of Charges

To be presented on Thursday, 04 March 2021

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

SUMMARY

The purpose of this report is to seek approval of the increase to be applied to the Schedule of Charges in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2021/22.

Your Port Health & Environmental Services Committee propose a general inflationary increase to the fees of 3.0%. It also proposes to continue the split fee for dogs, cats and ferrets travelling under the Pet Travel Scheme, with a standard charge if the consignment undergoes a pre-check of its paperwork, and a surcharge of £69 for not having a pre-check done. At present around 50% of consignments comply with the pre-check, with the other 50% paying the surcharge.

The charge of £22 to cover the cost of maintaining and administering the mandatory Customs approved electronic inventory system for the declaration of goods will continue.

In spite of the loss of throughput from April to June 2020 due to the Covid-19 pandemic, the subsequent unprecedented demand from July 2020, (should it continue in Q4), indicates that by the end of the fiscal year, HARC may reach the income target predicted prior to the pandemic and will continue to operate at a surplus in 2021/2022.

RECOMMENDATION

That the Court of Common Council:-

1. Approve the charges included in the Appendix to this report with effect from 1 April 2021, or as soon as practicable thereafter.
2. Approve the proposed Byelaws contained in the Appendix to this report and recommend that they be made, and that the Comptroller and City Solicitor be instructed to seal the Byelaws accordingly.

MAIN REPORT

Background

1. The charges for holding animals and provision of other services at the Heathrow Animal Reception Centre (HARC) are due to be reviewed towards the end of the

financial year to enable an appropriate variation to be applied with effect from the following April. This advance consideration is necessary because the major proportion of the charges is in respect of quarantine animals and allied services and has to be introduced as an “additional byelaw” to the principal byelaws for the Centre. This takes somewhat longer than a more simplistic, discretionary fee increase. The second, smaller element of the charges is not byelaw controlled and relates to non-quarantine (export and boarding) charges but for practical and operational reasons the two are dealt with together.

2. The funding review in 2011 agreed that the facility should aim to achieve full cost recovery within five years, and this was achieved in 2011/12 (with the exception of one-off capital charges incurred in that year), with continuing surpluses until 2016/17. The budgeted outturn for 2020/21 is a surplus of £520k, but the latest forecast is for a surplus of circa £840k.
3. Following a period of substantial fee increases to ensure a move towards full cost recovery, annual increases from 2013 - 2015 were in line with inflation, but in 2015/16 the overall increase was 1% above inflation, returning to an inflationary increase for 2017 - 2019. However, 2019/20 saw a fundamental change with the introduction of a two-tier charging regime for pet movements. A pre-check fee, in line with previous fees, and a non pre-check fee. It is proposed that this two-tier regime continues. The aim is to get all consignments on a pre-check regime to improve both customer service, animal welfare and staff wellbeing. Currently, pre-checking runs at around 50%.
4. The E.U. regulations for pet travel give a dual set of requirements. For ‘listed countries’, all that is required is a microchip, vaccination against rabies, a wait of 21 days, and then the animal can travel. For un-listed countries, there is a requirement for a microchip, vaccination, a blood test 30 days after vaccination and then a three month wait before travel.
5. The U.K. has stated that it will maintain the same rules for imported dogs and cats as the E.U. as of the 1st January 2021, but that it will be reviewing the legislation.

Current Position

6. The income for Animal Health during 2020/21 was originally projected as £4.36M with the latest forecast being income of £4.41M and an overall surplus of £840K. Expenditure at the HARC has risen over the past two years to cover the increased throughput, which has necessitated greater use of consumables (food, bedding etc.) and recruitment of additional staff.
7. Current budgeted income for Animal Health in 2021/22, taking into account the proposed increases in charges in this report, is £4.49M, and the overall projected net outturn for 2021/22.
8. The City of Corporation is still in discussion with Heathrow Airport Limited regarding a change of location for HARC. However, if a move does go ahead, the timing of it will not impact on HARC during this financial period.

Proposals

9. Having regard to the continuing need to balance and maximise the HARC income against the danger of reducing the customer base at the Centre, your Committee now propose that the HARC Schedule of Charges is amended as shown in Appendix 1 and that this is introduced from 1 April 2021, or as soon as practicable thereafter.
10. Generally, it is proposed that fees are increased by 3.0% in line with inflation. It is also proposed to maintain the difference in fees between pre-checks and non-pre-checks.
11. Pre-checking paperwork has a three-fold benefit: firstly it allows the required paperwork checks to be carried out during quieter periods; secondly it will decrease the levels of non-compliance with the Regulations which are an administrative burden and finally, it decreases the time the pets are with HARC, therefore freeing up kennels for other pets and improving customer service and animal welfare.
12. HARC is now an Internal Temporary Storage Facility (ITSF), which requires it to have a Customs-approved electronic inventory system for the declaration of goods.
13. There is a cost attached to operating the electronic inventory system of circa £8,000 for its rental, and additional resources for the administration of data entry into the system. It is proposed to increase the charge set to £22 in 2021/22 to cover the cost of the systems and administrative resources required.
14. The Comptroller and City Solicitor will prepare the necessary revised Byelaws that reflect the proposed charges as contained in Appendix 1 and will subsequently seal these should the Court give them their approval.

Corporate & Strategic Implications

15. Strategic implications

HARC as part of PH&PP and through ensuring animal and public health by fulfilling its statutory duties, contributes to a flourishing society

16. Financial implications

The newer systems put in place to comply with HMRC requirements have a cost to them, but this is covered by the fees introduced specifically for this purpose. Overall, if throughput is similar to previous years, there should be a small operating surplus.

17. Resource implications

At this time none are envisaged, but any extra resource required will be down to increased throughput and hence income.

18. Legal implications

The Comptroller and City Solicitor and the Chamberlain have been consulted and have agreed with the proposal to implement the surcharge on those Pet Travel Scheme consignments that do not send through their documentation to be pre-checked. The Comptroller and City Solicitor also comments:

“The statutory provision under which these charges are now made is Section 30 of the City of London (Various Powers) Act 1987 (which was an enactment removing the need for Ministerial approval of the HARC Byelaws), which provides ... “the charges imposed by such Byelaws shall be such as to secure so far as is possible, that taking one year with another, the aggregate amount raised by such charges is equivalent to the reasonable costs incurred by the Corporation in operating the Animal Reception Centre”. The need for increases to be reasonable is especially important here, since, unusually, the Byelaws machinery which implements the new charges is not subject to any public notification procedure or to confirmation by the appropriate Minister”.

19. Risk implications

There is a real potential for competition at Heathrow for the services we provide. Defra have confirmed that an organisation has applied to operate their own Border Control Post and Traveller's Point of Entry at Heathrow Airport. There is therefore, a need to keep charges competitive.

20. Equalities implications – N/A

21. Climate implications N/A

22. Security implications N/A

Conclusion

23. Changes to fees in previous years have resulted in the Animal Health Service increasing its income, and the fees that are proposed for 2021/22 should offset recent and future increases in costs and maintain the service at an operating surplus. We therefore **recommend** that this Honourable Court approve the increase to be applied to the Schedule of Charges in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2021/22 as well as the additional Byelaws detailed at Appendix 1.

Appendices:

- Appendix 1, Additional Byelaws relating to Heathrow Animal Reception Centre, to incorporate revised charges for 2021/2022.

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

DATED this 20th day of January 2021.

SIGNED on behalf of the Committee.

Deputy Keith Bottomley
Chair, Port Health and Environmental Services Committee

**ADDITIONAL BYELAWS RELATING TO THE
HEATHROW ANIMAL RECEPTION CENTRE**

1 April 2021 – 31 March 2022
(2020/21 rates shown in brackets)

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

Processing and handling fee for all shipments that terminate at Heathrow: £22 (£20)

ANIMALS CHARGE PER CONSIGNMENT

1. a. Mammals £186 (£186) for up to 24 hours, £47 (£57) per day or part thereof after 24 hours

2.0 Dogs, Cats and Ferrets under the Pet Travel Scheme Non-commercial movement of Pet Animals Order 2011

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

- If a documentation ‘pre-check’ has been completed and approved by HARC, the consignment will be charged at the minimum charge of £186 (£177) for the first animal. Where the consignment consists of more than one animal, a handling fee of £47 (£45) per animal thereafter.
- PETS that have NOT received a documentation ‘pre-check’ or arrive against the advice of HARC, will be charged at £255 (£245) for the first animal. Where the consignment consists of more than one animal, a handling fee of £47 (£45) per animal thereafter.

a. PETS checked at aircraft (Assistance Animals)

- If a documentation ‘pre-check’ has been completed and approved by HARC, Assistance Animals will be charged at £230 (£225) plus a 1-hour collection charge of £180 (£174) = £410 (£399) for the first animal. Where the consignment consists of more than one animal, a fee of £47 (£45) per animal thereafter.
- Assistance Animals that have NOT received a documentation ‘pre-check’ or arrive against the advice of HARC, will be charged at £470 (£458) for the first animal. Where the consignment consists of more than one animal, a fee of £47 (£45) per animal thereafter.

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

a. Dogs, Cats and Ferrets imported under licence to authorised quarantine kennels
£186 (£177) for up to 24 hours, £47 (£45) per animal per day or part thereof after 24 hours

b. Dogs, Cats and Ferrets being moved into the U.K. under Commercial Rules

£186 (£177) for up to 12 hours and £47 (£45) per animal ½ day or part thereof after 12 hours

3. Birds £66 (£65) per box per day £186 (£185) minimum charge

Pet birds: £47 (£45) per bird for up to 24 hours.

Birds of prey £18 per bird for up to 24 hours, £186 (£185) minimum charge

Transit commercial bird consignments should be booked through to have a maximum stay at Heathrow of 24 hours. Any transit commercial bird consignments that stay more than 24 hours will be charged at £47 (£43) per box per day, or part thereof.

Bird Quarantine £376-£1300 (£365-£1270) plus laboratory testing fees.

Fees are dependent on size of consignment and housing requirements.

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

Larger consignments to be negotiated see Part 2, Section 6

4. Reptiles £186 (£186) for up to 24 hours, £226 (£220) per day or part thereof after 24 hours.
Transit commercial reptile consignments should be booked through to have a maximum stay at Heathrow of 24 hours. Any transit commercial reptile consignments that stay more than 24 hours and require transferring from their containers will incur the additional special handling charge detailed below.

Additional special £226 (£220) minimum per consignment £66 (£65) per day, or part thereof handling for any consignment after 24 hours.

5. Fish/Aquatic Invertebrates/Invertebrates/Semen/Fish and Bird Eggs £2.05 (£2.00) per box, £36 (£35) minimum charge.

A surcharge of £674 (£645) will be added to the above for any transit consignment that has landed without an “OK to forward” from the on-going airline.

6. Security

A charge of £23 (£22) will be made in respect of any consignment, which requires security screening prior to leaving the ARC.

7. Not on Board

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

PART 2
CHARGES FOR ANCILLIARY SERVICES

1. Destruction including disposal of livestock or goods - £42 (£41) per kilogram. Minimum charge £90 (£82).

Travelling containers are the owner's property and should be collected with the animal. If they are no longer required, they will be disposed of for a fee of £18 (£16) per box.

2. Cleansing and disinfecting aircraft, animal holding facilities, vehicles, loose boxes etc. - £365 (£357) per hour (including disposal of special waste).
3. Identification of species for DEFRA/HM Revenue and Customs/Border Agency - £175 (£173) per hour. Assisting on off airport operations - £90 (£87) per hour/£570 (£555) per day.
4. Re-crating or repair to crates - quotations on request.
5. Collection and delivery of animals and birds to and from the Animal Reception Centre by an Animal Reception Centre member of staff - £180 (£174) per hour or £90 (£87) per consignment if no extra waiting time.
6. Long term rates for government agencies and non-government agencies i.e. RSPCA, to be negotiated.
7. Modification of containers to International Air Travel Association (IATA) standards:-

Space Bars/Battens - £50 (£49) per box
Air Holes - £23 (£22) per box
Water Pots - £23 (£22) per box

(If these services are carried out on the airport an additional fee of £90 (£87) applies for 'delivery' of the service).
8. Use of Large Animal Facility (per pallet) £367 (£357)
9. Special handling e.g. re-oxygenation of fish/re-packaging reptiles/additional administrative functions £90 (£87) per hour plus cost of materials

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List of Applications for the Freedom

To be presented on Thursday, 4th March, 2021

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

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

Alexandra Allan <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Headteacher <i>Citizen and Fletcher Citizen and Solicitor</i>	Wandsworth
Farouk Bastaki <i>The Rt. Hon The Lord Mayor Ald. & Sheriff Vincent Keaveny</i>	an Investment Authority Managing Director <i>Citizen and Solicitor</i>	Al Murqab, Kuwait
Nilesh Kumar Maganlal Bathia <i>Dr Chuba Cyprian Chigbo Hansraj Gudka</i>	a Pharmacist <i>Citizen and Apothecary Citizen and Plumber</i>	Arkley, Barnet, Hertfordshire
Annabel Kate Bennett <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Charity and Media Worker. <i>Citizen and Fletcher Citizen and Solicitor</i>	Old Hatfield, Hertfordshire
Mansoor Bin Ebrahim Al-Mahmoud <i>The Rt. Hon The Lord Mayor Ald. & Sheriff Vincent Keaveny</i>	an Investment Authority Chief Executive <i>Citizen and Solicitor</i>	Doha, Qatar
Geraldine Blake <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Charity Director. <i>Citizen and Fletcher Citizen and Solicitor</i>	Camberwell
Gemma Bowsher <i>Neville John Watson Peter Francis Clark</i>	a Medical Student <i>Citizen and Fletcher Citizen and Mason</i>	Barnes
Roderick Grant Church Calton <i>Peter Francis Clark Gerald Michael Edwards</i>	a Company Director <i>Citizen and Mason Citizen and Fruiterer</i>	Chelsea
Casper Cech-Lucas <i>Sir David Wootton, Kt., Ald.</i>	a Funding Officer <i>Citizen and Fletcher</i>	Peckham.

<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Kenneth John Codd	a Hydrant Technician	Garston, Watford, Hertfordshire
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Paul Crudgington	a Street Enviromental Officer	Benfleet, Essex
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Clair Frances Dart	a Chartered Accountant	Edgware, Middlesex
<i>Mrs Ann-Marie Jefferys</i>	<i>Citizen and Glover</i>	
<i>Anne Elizabeth Holden</i>	<i>Citizen and Basketmaker</i>	
James Peter Davis	a Health & Wellness Company Director	Dartford, Kent
<i>Timothy Russell Hailes, Ald, JP.</i>	<i>Citizen and Pewterer</i>	
<i>Charles Edward Lord, OBE, JP, Deputy</i>	<i>Citizen and Broderer</i>	
Shaun Dellenty	an Educator and Consultant	Rotherhithe
<i>Timothy Russell Hailes, Ald, JP.</i>	<i>Citizen and Pewterer</i>	
<i>Carolyn Foreman Dwyer</i>	<i>Citizen and Pavior</i>	
Andrew James Dias	a Civil Servant.	Camberley, Surrey.
<i>Mrs Ann-Marie Jefferys</i>	<i>Citizen and Glover</i>	
<i>Anne Elizabeth Holden</i>	<i>Citizen and Basketmaker</i>	
Kay Phyllis Sheard English	a Traffic Manager	Frinton On Sea, Essex
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Clara Ann Espinosa	a Funding Officer.	Levenshulme, Manchester
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Graham Neil Faggetter	a Lloyd's Syndicate Manager, retired	Orpington, Kent
<i>Donald Howard Coombe, MBE</i>	<i>Citizen and Poulter</i>	
<i>Mr Martin Robinson</i>	<i>Citizen and Poulter</i>	
Jane Fitzgerald	a Community Centre Assistant.	Islington.
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Nigel Anthony Francis	a Street Environment Officer.	Wembley, Middlesex
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Damani Nicholas Goldstein	a Public Health Consultant	Walthamstow
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Marek Habrda	a Funding Manager	Stoke Newington.
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Katherine Hannah Louise Halahan	a Funding Manager.	Bristol, Gloucestershire
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent</i>	<i>Citizen and Solicitor</i>	

<i>Keaveny</i> His Excellency Erlan Idrissov <i>The Rt. Hon The Lord Mayor</i> <i>Catherine Sidony McGuinness, Deputy</i>	The Ambassador of Kazakhstan	Westminster
Md Shohidul Islam <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Patient Co-Ordinator. <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Bethnal Green
Ryan Philip Jones <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Communications Officer <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Croydon, Surrey
Ovssanna Kalenderian <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Library Assistant <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Islington
Chloe Elizabeth Evans Kane <i>Jeremy Paul Mayhew, CC Robert James Ingham Clark, Deputy</i>	a Civil Servant <i>Citizen and Loriner</i> <i>Citizen and Clothworker</i>	Wood Green
Suzanna Kate Evans Kane <i>Jeremy Paul Mayhew, CC Robert James Ingham Clark, Deputy</i>	a Teacher <i>Citizen and Loriner</i> <i>Citizen and Clothworker</i>	Hornsey
Frederick Martin Kinahan <i>James De Sausmarez Alexander Barr, CC</i>	an Investment Company Director <i>Citizen and Joiner and Ceiler</i> <i>Citizen & Ironmonger</i>	Shoreditch
Edwina Koffie <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Weighbridge Officer <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	New Addington, Croydon
Xenia Jacovou Koumi <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Public Health Specialist <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	East Finchley
Ian John Lacey <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Clerk <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Becontree, Essex
Andrew Eric Law <i>The Rt. Hon The Lord Mayor</i> <i>William Francis Charnley</i>	an Asset Manager <i>Citizen and Draper</i>	Chelsea
Wing Yen Lindsay <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Library Assistant <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Woodbury Down, Hackney
His Excellency Manuel Lobo Antunes <i>The Rt. Hon The Lord Mayor</i> <i>Catherine Sidony McGuinness, Deputy</i>	The Ambassador of Portugal <i>Citizen and Solicitor</i>	Belgravia
Suzanne Lyons <i>Michael John James</i> <i>James Patrick Vaughan</i>	an Operations Director <i>Citizen and Stationer and Newspaper Maker</i> <i>Citizen and Stationer and</i>	Luton, Bedfordshire

Alan Bruce Mackie <i>John Alexander Smail Dorothy Newlands of Lauriston</i>	<i>Newspaper Maker</i> a Data Company Director	Atlanta, Georgia, United States of America
Melanie Pinkerton Mackie <i>John Alexander Smail Dorothy Newlands of Lauriston</i>	<i>Citizen and Distiller</i> <i>Citizen and Basketmaker</i> an Information Technology Consultant <i>Citizen and Distiller</i> <i>Citizen and Basketmaker</i>	Atlanta, Georgia, United States of America
Sarah Maxwell <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Transport Fleet Compliance Manager <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Canvey Island, Essex
Sir Adrian Alastair Montague <i>The Rt. Hon The Lord Mayor Catherine Sidony McGuinness, Deputy</i>	an Insurance Company Chairman <i>Citizen and Solicitor</i>	Selbourne, Hampshire
James Vincent Mraz <i>Mrs Ann-Marie Jefferys Anne Elizabeth Holden</i>	a Deputy Agent General, <i>Citizen and Glover</i> <i>Citizen and Basketmaker</i>	Islington
Scott Myers <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Strategy Officer <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Beckenham, Kent
Arash Nassouri <i>Abdul Latif Ali Reza Latif</i>	a Civil Engineer <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Colindale
Katherine Agnieszka Oberc <i>Mrs Ann-Marie Jefferys Anne Elizabeth Holden</i>	a Post Graduate Student <i>Citizen and Glover</i> <i>Citizen and Basketmaker</i>	Twickenham, Middlesex
Kevin Paul Ogilvie <i>Anthony Ben Charlwood Donald Newell</i>	a Self Employed Bookkeeper <i>Citizen and Basketmaker</i> <i>Citizen and Pattenmaker</i>	Uxbridge, Middlesex
Salvatore Olivari De La Moneda <i>Matthew Timothy Schellhorn Julian Richard Cable</i>	a Marine Captain, retired <i>Citizen & Musician</i> <i>Citizen & Musician</i>	Rome, Italy
Scott Douglas O'Malia <i>Erica Elliott Richardson Catherine Sidony McGuinness, Deputy</i>	a Chief Executive Officer <i>Citizen & Painter Stainer</i> <i>Citizen and Solicitor</i>	St. John's Wood
Lydia Grace Parr <i>Sir David Wootton, Kt., Ald. Ald. & Sheriff Vincent Keaveny</i>	a Funding Officer <i>Citizen and Fletcher</i> <i>Citizen and Solicitor</i>	Camberwell
Catherine Elsie Robertson <i>James De Sausmarez Alexander Barr, CC</i>	a Facilities Manager <i>Citizen and Joiner and Ceiler</i> <i>Citizen & Ironmonger</i>	Southfields, Wimbledon
Benjamin Robert Rooms <i>Gerald Michael Edwards George Niblett</i>	a Medical Practitioner <i>Citizen and Fruiterer</i> <i>Citizen and Mason</i>	Newcastle Upon Tyne
Angelo Anthony Sedacca	a Police Officer, retired	Little Neck, New York, United States of America

<i>Mr Michael Forster Pisapia</i>	<i>Citizen and Scrivener</i>	
<i>John Leslie Barber, DL</i>	<i>Citizen and Blacksmith</i>	
Lucy Victoria Sicks	a Charity Chief Executive Officer	Lutterworth, Leicestershire
<i>The Rt. Hon The Lord Mayor</i>		
<i>Hilary Ann Russell</i>	<i>Citizen and Farmer</i>	
Nan Rachel Smart	a Student.	Northwood Hills, Middlesex
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Karl Spackling	a Street Enviromental Officer.	Leavenheath, Colchester
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Sally Priscilla Spry	a Salvation Army Officer.	Hoxton.
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Alexis Grant Taw	a Weighbridge Attendant.	Islington.
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Lee Turner	a Local Government Manager	Lancing, West Sussex
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Ald. & Sheriff Vincent Keaveny</i>	<i>Citizen and Solicitor</i>	
Andrew George Philip Tusa	a Banking Company Managing Director	Litlington, Cambridgeshire
<i>The Rt. Hon The Lord Mayor</i>		
<i>Hilary Ann Russell</i>	<i>Citizen and Farmer</i>	
Bridget Ajua Uku	a Chartered Accountant	Ealing
<i>Andrien Meyers, CC</i>	<i>Citizen & Common Councillor</i>	
<i>Prem Babu Goyal, OBE, ALD.</i>	<i>Citizen & Plumber</i>	
Colin Lynn Ussher	an Almshouse Assosiation Manager	Chelsea
<i>Wendy Davina Calder Parmley</i>	<i>Citizen and Information Technologist</i>	
<i>Sir Andrew Charles Parmley, Ald.</i>	<i>Citizen and Musician</i>	
Ronald David Wood	a Musician	Maida Vale
<i>Sir David Wootton, Kt., Ald.</i>	<i>Citizen and Fletcher</i>	
<i>Robert James Ingham Clark, Deputy</i>	<i>Citizen and Clothworker</i>	
Jane Annis Wright	an Educator, retired	Chipping Norton, Oxfordshire
<i>Mark Sutherland Johnson</i>	<i>Citizen and Woolman</i>	
<i>Robyn Mary Allardice</i>	<i>Citizen and Woolman</i>	
Michael Richard Wright	an Educator, Retried	Chipping Norton, Oxfordshire
<i>Mark Sutherland Johnson</i>	<i>Citizen and Woolman</i>	
<i>Robyn Mary Allardice</i>	<i>Citizen and Woolman</i>	

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Report – City Remembrancer

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

To be presented on 4th March 2021

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

Statutory Instruments

Date in force

The Whole of Government Accounts (Designation of Bodies) Order 2021 No. 6 31st January 2021

This Order designates the Common Council of the City of London and the Board of Governors of the Museum of London as bodies which are required to prepare and present to the Treasury such financial information in relation to the financial year ending on 31st March 2020 as the Treasury may request to enable them to prepare 'Whole of Government Accounts', as provided by section 10 of the Government Resources and Accounts Act 2000.

The Health Protection (Coronavirus, Restrictions) (No. 3) and (All Tiers) (England) (Amendment) Regulations 2021 No. 8 6th January 2021

These Regulations, which introduced the current 'lockdown', amend earlier Coronavirus Regulations to strengthen the Tier 4 restrictions and apply those restrictions to every area in England, and clarify the powers of police community support officers (PCSOs). The application of the Regulations relating to PCSOs was extended from 17 January to 17 July 2021; the application of the Regulations detailing the Tier-specific restrictions was extended from 2 February to 31 March 2021.

The Public Health (Coronavirus) (Protection from Eviction) (England) Regulations 2021 No.15 11th January 2021

These Regulations prevent, except in specified circumstances, attendance at a residence for the purpose of executing a writ or warrant of possession or delivering a notice of eviction. The specified circumstances are where the court is satisfied that the claim is against trespassers who are persons unknown or where it was made wholly or partly on the grounds of anti-social behaviour, nuisance, domestic abuse in social tenancies, false statements, substantial rent arrears exceeding 6 months' rent or, in cases where the person attending is satisfied that the residence is unoccupied at the time of attendance, death of the occupant. These Regulations expire at the end of 21st February 2021.

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

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

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