



Policy and Resources Committee

Date: THURSDAY, 18 FEBRUARY 2021

Time: 1.45 pm

Venue: VIRTUAL MEETING

Members:

Deputy Catherine McGuinness (Chair)	Alderman Vincent Keaveny
Sheriff Christopher Hayward (Deputy Chairman)	Alderman Ian Luder
Deputy Keith Bottomley (Vice- Chairman)	Jeremy Mayhew
Deputy Tom Sleigh (Vice-Chair)	Andrew McMurtrie
Randall Anderson (Ex-Officio Member)	Wendy Mead
Rehana Ameer	Deputy Andrien Meyers
Nicholas Bensted-Smith (Ex- Officio Member)	Deputy Brian Mooney (Chief Commoner) (Ex-Officio Member)
Tijs Broeke	Deputy Alastair Moss (Ex-Officio Member)
Karina Dostalova	Deputy Joyce Nash
Anne Fairweather	The Rt Hon.the Lord Mayor,Alderman Wi lliam Russell (Ex-Officio Member)
Marianne Fredericks	Alderman Baroness Scotland (Ex-Officio Member)
Alderman Timothy Hailes	Sir Michael Snyder
Deputy Wendy Hyde (Ex-Officio Member)	Deputy James Thomson (Ex-Officio Member)
Deputy Jamie Ingham Clark	Mark Wheatley
Shravan Joshi	Deputy Philip Woodhouse
Deputy Edward Lord	Alderman Sir David Wootton

Enquiries: Emma Cunnington – emma.cunnington@cityoflondon.gov.uk

Accessing the virtual public meeting

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

<https://www.youtube.com/watch?v=SH03LKj8Z3s>

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 and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES**

To consider minutes as follows:-

- a) To agree the public minutes of the Policy & Resources Committee meeting held on 21 January 2021.

For Decision
(Pages 1 - 12)

- b) To note the public minutes of the joint meeting of the Resource Allocation and Efficiency & Performance Sub-Committees held on 21 January 2021.

For Information
(Pages 13 - 14)

- c) To note the public minutes of the Resource Allocation Sub-Committee meeting held on 4 February 2021.

For Information
(Pages 15 - 18)

- d) To note the public minutes of the Public Relations & Economic Development Sub-Committee meeting held on 14 January 2021.

For Information
(Pages 19 - 24)

4. **RESOLUTION FROM THE PORT HEALTH & ENVIRONMENTAL SERVICES COMMITTEE**

To consider a resolution concerning the Recovery Task Force and the provision of environmental services.

For Decision
(Pages 25 - 26)

5. **RESOLUTION FROM THE CAPITAL BUILDINGS COMMITTEE**

To consider a resolution concerning the application of Standing Order 29(2) in relation to the Committee.

For Decision
(Pages 27 - 28)

6. **STREAMLINING GOVERNANCE OF THE NEXT GENERATION FRAUD AND CYBER CRIME REPORTING AND ANALYSIS SERVICE PROJECT**
Report of the Town Clerk.
For Decision
(Pages 29 - 36)
7. **FRASER 2.0 REVIEW NEXT STEPS**
Report of the Director of Innovation & Growth.
For Discussion
(Pages 37 - 48)
8. **2020/21 PAY POLICY STATEMENT**
Report of the Director of Human Resources.
For Decision
(Pages 49 - 78)
9. **COMMONWEALTH ENTERPRISE AND INVESTMENT COUNCIL**
Joint report of the Remembrancer & Director of Innovation & Growth.
For Decision
(Pages 79 - 82)
10. **IMPACT INVESTING INSTITUTE BOARD APPOINTMENT**
Report of the Director of Innovation & Growth.
For Decision
(Pages 83 - 86)
11. **CULTURE AND DIVERSITY WORKING GROUP**
Report of the Assistant Town Clerk & Director of Major Projects.
For Decision
(Pages 87 - 106)
12. **ANTI-TERRORISM TRAFFIC REGULATION ORDER REVIEW**
Report of the Director of the Built Environment.
For Information
(Pages 107 - 112)
13. **CITY FUND 2021/22 BUDGET**
Report of the Chamberlain.
For Information
(Pages 113 - 196)
14. **2021/22 CITY'S CASH BUDGETS AND MEDIUM-TERM FINANCIAL PLAN**
Report of the Chamberlain.
For Information
(Pages 197 - 210)

15. **BRIDGE HOUSE ESTATES (BHE) (REG. CHARITY NO. 1035628) - REVENUE BUDGET 2021/22 AND MEDIUM-TERM FINANCIAL PLAN**
Report of the Chamberlain.
For Information
(Pages 211 - 224)
16. **REGULATION OF INVESTIGATORY POWERS (RIPA) ACT 2000 UPDATE**
Report of the Comptroller & City Solicitor.
For Information
(Pages 225 - 228)
17. **ANNUAL REPORT FOR SOCIAL MOBILITY AND DIGITAL SKILLS STRATEGIES, SOCIAL MOBILITY EMPLOYER INDEX RATING AND STRATEGIC FOCUS FOR 2020-21**
Joint report of the Director of Community & Children's Services, the Director of Innovation & Growth, and the Chief Grants Officer & Director of the City Bridge Trust.
For Information
(Pages 229 - 254)
18. **POLICY INITIATIVES FUND AND COMMITTEE CONTINGENCY**
Report of the Chamberlain.
For Information
(Pages 255 - 268)
19. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
21. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.
For Decision

Part 2 - Non-Public Agenda

22. **NON-PUBLIC MINUTES**
To consider non-public minutes of meetings as follows:-
- a) To agree the non-public minutes of the Policy & Resources Committee meeting held on 21 January 2021.
For Decision
(Pages 269 - 274)
- b) To note the non-public minutes of the joint meeting of the Resource Allocation and Efficiency & Performance Sub-Committees held on 21 January 2021.
For Information
(Pages 275 - 278)

- c) To note the non-public minutes of the Resource Allocation Sub-Committee meeting held on 4 February 2021.

For Information
(Pages 279 - 280)

23. **CYCLICAL WORKS PROGRAMME (CWP) AND ADDITIONAL RESOURCES FOR CITY FUND PROPERTIES (ARCFP) REQUEST FOR FUNDING FOR 2021/2022**
Report of the Chamberlain.

For Decision
(Pages 281 - 294)

24. **CITY CULTURAL SUPPORT: BARBICAN RENEWAL AND LSO GRANT**
Joint report of the City Surveyor and the Managing Director of the Barbican.

For Decision
(Pages 295 - 306)

25. **MARKET TENANTS AND COVID 19 - PROPOSAL FOR ADDITIONAL SUPPORT**
Joint report of the Director of Markets & Consumer Protection and the City Surveyor.

For Decision
(Pages 307 - 314)

26. **BRIDGE HOUSE ESTATE COMMITTEE PROPOSALS**
Joint report of the Town Clerk and the Chief Grants Officer & Director of the City Bridge Trust.

For Decision
(Pages 315 - 328)

27. **CENTRAL CRIMINAL COURT PLANT REPLACEMENT: PHASE 3**
Report of the City Surveyor.

For Decision
(Pages 329 - 338)

28. **CENTRAL CRIMINAL COURT EAST WING GROUND MEZZANINE COOLING AND HEATING REPLACEMENT**
Report of the City Surveyor.

For Decision
(Pages 339 - 358)

29. **PROPERTY PROJECTS GROUP (PPG) COVID-19 CAPITAL PROJECTS FUND - UPDATE**
Report of the City Surveyor.

For Decision
(Pages 359 - 366)

30. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY POWERS**
Report of the Town Clerk.

For Information
(Pages 367 - 368)

31. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
32. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED.**

POLICY AND RESOURCES COMMITTEE

Thursday, 21 January 2021

Minutes of the meeting of the Policy and Resources Committee held at <https://youtu.be/BMknAuKOZpk> on Thursday, 21 January 2021 at 1.45 pm

Present

Members:

Deputy Catherine McGuinness (Chair) (*in the Chair for Items 1-21*)
Sheriff Christopher Hayward (Deputy Chairman) (*in the Chair for Items 22-36*)
Deputy Keith Bottomley (Vice-Chairman)
Deputy Tom Sleigh (Vice-Chair)
Randall Anderson (Ex-Officio Member)
Rehana Ameer
Nicholas Bensted-Smith (Ex-Officio Member)
Tijs Broeke
Karina Dostalova
Anne Fairweather
Marianne Fredericks
Alderman Timothy Hailes
Deputy Wendy Hyde (Ex-Officio Member)
Deputy Jamie Ingham Clark
Shravan Joshi
Deputy Edward Lord
Alderman Vincent Keaveny
Alderman Ian Luder
Jeremy Mayhew
Andrew McMurtrie
Wendy Mead
Deputy Andrien Meyers
Deputy Brian Mooney (Chief Commoner) (Ex-Officio Member)
Sir Michael Snyder
Deputy James Thomson (Ex-Officio Member)
Mark Wheatley
Deputy Philip Woodhouse
Alderman Sir David Wootton

In Attendance:

Caroline Addy
Sophie Fernandes
Helen Fentimen
Graeme Harrower
Natasha Lloyd-Owen
Deputy John Tomlinson

Officers:

John Barradell - Town Clerk and Chief Executive
Peter Kane - The Chamberlain

Michael Cogher	- Comptroller and City Solicitor
Paul Double	- City Remembrancer
Paul Wilkinson	- City Surveyor
Caroline Al-Beyerty	- Financial Services Director
Damian Nussbaum	- Director of Innovation & Growth
Bob Roberts	- Director of Communications
Peter Lisley	- Assistant Town Clerk
Angela Roach	- Assistant Town Clerk
Nigel Lefton	- Remembrancer's Department
Kate Smith	- Town Clerk's Department
Simon Latham	- Town Clerk's Department
Greg Moore	- Town Clerk's Department
Emma Cunningham	- Town Clerk's Department
Karen Atkinson	- City Bridge Trust
Jeremy Blackburn	- Mansion House
Nick Bodger	- Town Clerk's Department
Tim Fletcher	- Communications
Nick Gill	- City Surveyors
Bruce Hunt	- Remembrancers
Aqib Hussain	- IT
Tim Jones	- Culture Mile
Kerstin Mathias	- Innovation & Growth
Sir Nick Kenyon	- Managing Director of Barbican Centre
Thomas Regan	- Communications
Adam Rout	- Mansion House
Paul Wright	- Deputy Remembrancer
Richard Woolford	- Strategic Security Director
Theresa Yurkewich Hoffman	- Innovation & Growth
Amelia Ehren	- City Bridge Trust
Hayley Hajduczek	- Town Clerk's Department

1. **APOLOGIES**

Apologies were received from Deputy Alistair Moss, Deputy Joyce Nash, and the Rt Hon Alderman William Russell, the Lord Mayor.

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

There were no declarations.

3. **MINUTES**

- a) The public minutes of the Policy and Resources Committee meeting held on 10 December 2020 were approved.
- b) The public minutes of the Resource Allocation Sub-Committee meeting held on 10 December 2020 were noted.

- c) The public minutes of the Resource Allocation Sub-Committee meeting held on 11 January 2021 were noted.
- d) The public minutes of the Projects Sub-Committee meeting held on 17 December 2020 were noted.
- e) The public summary of the Tackling Racism Taskforce meeting held 11 December 2020 were noted.

4. **COVID 19 DEBRIEF**

The Committee considered a report of the Assistant Town Clerk & Director of Major Projects concerning the City Corporation’s response to the global pandemic and the outcomes of an officer operational debrief.

During discussion of the report, the following points arose:

- The reality was that the organisation had to react very quickly to the crisis, and the view of looking (through the governance review) whether an emergency or contingencies committee should be set up in times of future crises, was supported. There was a suggestion that the Resource Allocation Sub Committee could be used for this purpose.
- There was a comment on improving communications with Members, businesses and residents. It was suggested that Members could also help to relay communications to their electorate.
- Another Member felt that the reactive process was successful, and Members were consulted as much as possible.
- The City Corporation should urge Parliament to continue the legislation allowing virtual and hybrid meeting.

RESOLVED: That Members:-

1. Noted the range of activity undertaken in mitigation against the COVID-19 crisis.
2. Agreed that an alternative means of Member-level decision making is / is not required should a future crisis occur.
3. Agreed that civil resilience training should / should not be included as part of the Member development programme training offered to Members each year.

5. **GOVERNANCE REVIEW: COMPETITIVENESS**

The Committee considered a report of the Town Clerk concerning those aspects of the Governance Review relating to Competitiveness. The report presented the recommendations of the Resource Allocation Sub-Committee (RASC), following an informal engagement process intended to gather the views of all Members.

The Committee proceeded to debate the various recommendations in turn:

- (i) **Do Members agree with the need to establish a dedicated group, body, or committee in relation to competitiveness?**

This proposal was strongly endorsed.

(ii) If so, do Members agree with the recommendation to establish a free-standing Competitiveness Committee, or would an alternative vehicle / format be preferable?

Members were in favour of this approach.

(iii) What should the composition of such a body be, noting the requirements to draw on both external and internal expertise more effectively?

The Committee supported the Resource Allocation Sub Committee's views on the composition of this body. The Policy Chair clarified there would be a core group and then bringing in other Members ad hoc for particular issues.

(iv) How should the membership of such a body be determined and appointed?

One Member felt that this should be an elected body rather than an appointed body. The Deputy Chairman relayed the views of the consultative exercise for the composition to be a skills-based approach. He also outlined that this would be an advisory body and that Policy & Resources Committee (made up of elected Members) would continue to hold decision-making powers. This point was underlined and supported by other Members. One Member suggested that Policy & Resources Committee ratify a list of individuals who should be appointed – this would be sufficiently democratic but allows for the technocratic element as well.

(v) What should the Terms of Reference of such a body be?

The Policy Chair relayed the Resource Allocation Sub Committee's views that any Terms of Reference should define firm outputs, encompassing both market promotion and policy.

This was supported by the Committee.

(vi) Should any new body take on the functions of the Hospitality Working Party?

It was agreed 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.

(vii) What should happen to the PRED Sub-Committee?

It was agreed that the PRED Sub-Committee should be reconstituted to take away the "Economic Development" element of its role, but retained as a dedicated sub-committee to focus more on the scrutiny around communications and messaging, including public affairs. It was, however, noted that the PRED Sub-Committee would then also need to be re-named.

(viii) How should the Chair of the Policy & Resources Committee be referred to?

The Policy Chair relayed a conversation that she had with the Remembrancer that "Leader of the Council" might not be the right term for the City Corporation constitutionally and that this should be considered further.

A Member felt that it was important that "Court of Common Council" be referred to but not "Council". Others felt that "Leader" was an acceptable title and did not think

“Political Leader” was appropriate, and asked for the Remembrancer to put his concern in writing.

It was agreed that this matter should be deferred back to the Resource Allocation Sub Committee to be considered again in more detail and in light of the Remembrancer’s advice.

(ix) **Are Members supportive of Lisvane’s general commentary in respect on other areas set out in paragraph 11 above (and paragraphs 200 – 231 in the Lisvane Review itself)?**

This commentary was noted.

The Chair thanked Members for their helpful contributions and was pleased to be in a position to present consensus proposals to the Court.

RESOLVED: That Members:-

1. Note the proposals in relation to Competitiveness made by Lord Lisvane in Section 6 of his Review (Appendix 1).
2. Note the feedback provided by Members through the informal engagement process (Appendix 2).
3. Determine to present recommendations in respect of the various proposals, as set out in discussion above, to the Court of Common Council.

6. **FINDINGS AND RECOMMENDATIONS OF THE TACKLING RACISM TASKFORCE**

The Committee considered a report detailing the findings and recommendations of the Tackling Racism Taskforce across six workstreams.

The Chair began by thanking the Taskforce and the Co-Chairs’ leadership on this important issue, which has been carried out at pace and in a considered and respectful way. The Chair urged Members to support and endorse the proposals in the paper.

The Co-Chairs spoke to introduce the item and thanked the Committee for their support in giving this issue the focus and attention it deserved. They also referenced the recent ministerial statement from the Secretary of State for Housing, Communities and Local Government setting out their position of “retain and explain” in relation to contested heritage, yet argued that there was still a very particular consideration to remove, re-site and explain the statues of Beckford and Cass, and the approach of the Taskforce’s recommendation aligned with the Government’s position. As Beckford was attached to a Grade I listed building (the Great Hall), Members heard how the next step would be to apply for Listed Building Consent, which would require consultation with Historic England, a public consultation and a wider consultation with Members through the committee process. The Co-Chairs concluded it was important that these recommendations of change were not only endorsed by the Committee but “chiselled” into the Corporation’s policies and practices.

During discussion of the report, the following points arose:

- The Chief Commoner spoke out in opposition of the recommendation of removing the statues of Beckford, citing its homage to free speech and felt that it would be better to explain its context, in its current location. He also felt that the consultative exercise results were not followed in this

recommendation. He indicated he would like to put forward an amendment to approve all the recommendations in the report except that recommendation on the statue.

- Members commented on how quickly this report had been turned around and how much consideration had gone into this. It would be important to track these recommendations too, and one Member suggested an annual or quarterly report back to Policy & Resources Committee, which could be drafted by officers. A Member suggested that the City Corporation should not take a self-selected survey (i.e. the consultative exercise) as a democratic vote.
- It was felt important that all the other recommendations were not overshadowed by the discussion on statues, which were warmly supported by the Committee.
- One Member felt that there should be a clear commitment to the timeframe of the recommendations, which should be brought forward earlier than 24 months.
- The City Corporation's nominations process should be considered to ensure that our governance become more diverse.
- These recommendations need to be woven into our policies and used to tackle modern-day slavery and racism. The City Corporation need to stand out to speak out against all forms of racism.
- It was acknowledged that the Livery Committee were looking to improve diversity through signing of the Diversity Charter, although there was some difficulty for them to collect data on their existing memberships.
- It was important to look at diversifying attendance at events.
- It was suggested that a number of people outside of London would have responded to the consultative exercise and there was an organised group which promoted this consultative exercise amongst its followers.
- A Member felt that the Beckford statue could not be contextualised properly within the Guildhall due to lack of space. The true history of Beckford and the slave trade was evil and a small sign to contextualise this would be inappropriate. It was suggested that the Museum of London may be a more appropriate location for re-siting the statue.
- A Member commented that we should not underestimate our emotional response to slavery as a legitimate consideration in making the decision of removing the Beckford statue. Members heard how two years before Beckford became Lord Mayor, there was a major rebellion on the plantation in Jamaica that he was responsible for; as a result, 400 slaves were rounded up and executed. It was argued that it was perfectly legitimate to have an emotional response to hearing this story. The City Corporation should get to the heart of the ongoing injustice that slavery created.
- Two Members felt that they were not in a position to vote either way on the statues recommendation until they understood further all the information and options explored by the proposed Working Group. It was noted that some people saw the statue as a "celebration of free speech", whereas other people saw the statue as a "celebration of oppression".

The Co-Chairs of the Tackling Racism Taskforce responded to the discussion and summarised the arguments to remove and re-site (and contextualise) the two statues, and the importance of the symbolism of taking this action.

The Chief Commoner then proposed the following amendment that:-

“The full list of recommendations of the Tackling Racism Taskforce be wholeheartedly approved, except for the recommendations concerning removing, re-siting and contextualising the Beckford and Cass statues, which be deferred until a wider consultation is carried out with the Court of Common Council, members of the public and other relevant stakeholders.”

This amendment was seconded by Mark Wheatley.

Members then proceeded to vote on the amendment by the raising of hands. The amendment was defeated by 27 to 5 votes (with two abstentions from Marianne Fredericks and Alderman Tim Hailes).

Members then proceed to vote on the substantive recommendations, which were approved by the Committee.

RESOLVED: That Members:-

1. Approved the full list of recommendations of the Tackling Racism Taskforce outlined in Appendix 1 and agreed for work to be carried out to implement these recommendations, subject to any further reports to relevant committees

7. **TOMLINSON REVIEW UPDATE**

The Committee considered a report of the Town Clerk which provided an update on the work undertaken by the City Grants Education Spending Working Party in response to the review conducted by Sir Mike Tomlinson.

During discussion of the report, the following points arose:

- Alastair King and Henry Colthurst should be added to the Working Party.
- The proposal needed to be attached to a 3-month timeframe so the decisions were not delayed further. A Member commented that the Tackling Racism Taskforce were able to start the work and report back with findings within six months and this work should also keep up with this pace.
- It would be important to keep some of the individuals who had previously worked on this be included as the knowledge bank remained useful to feed into discussions.

RESOLVED: That Members:-

1. Noted the progress made to date by the Working Party and relevant Departments;
2. Agreed that the remaining work on the recommendations should be continued with the oversight of a Working Party; and
3. Agreed the refreshed Terms of Reference and Membership of said body.

8. **LONDON COUNCILS GRANTS SCHEME**

The Committee considered a report of the Town Clerk concerning the proposed expenditure and the City Corporation's subscription to the London Councils Grants Scheme for 2021/22.

RESOLVED: That Members:-

1. Approved the total amount of expenditure to be incurred in 2021/22 under the Scheme (£6.668m) and to the City Corporation's subscription for 2021/22 (£7,233) as set out in Appendices A and B of this report; and
2. Agreed the levy of £6.668m (as set out in Appendix B), subject to the Court of Common Council's approval (as levying body for the Scheme. It should be noted that the Court's approval will be sought using the urgency procedures and is subject to at least two-thirds of the constituent councils agreeing the total expenditure to be incurred before 1 February 2021.

9. **DEPARTMENTAL 2021/22 BUDGET ESTIMATES - POLICY AND RESOURCES COMMITTEE**

The Committee considered a joint report of the Town Clerk, Chamberlain and Remembrancer which presented the budget estimates for 2021-22 for those departments overseen by the Policy and Resources Committee.

RESOLVED: That:-

1. The Town Clerk's, Remembrancer's and Culture Mile Departments' proposed revenue budget for 2021-22 be approved for submission to the Finance Committee.
2. The Town Clerk's and Remembrancer's Departments' proposed capital and supplementary revenue projects budgets for 2020-21 be approved for submission to the Finance Committee.
3. The Chamberlain be authorised, in consultation with the Town Clerk and Remembrancer, to revise these budgets to allow for any further implications arising from Corporate Projects, Target Operating Model (TOM) savings, other reviews and changes to the Cyclical Works Programme; and
4. It be agreed that minor amendments for 2020-21 and 2021-22 budgets arising during budget setting be delegated to the Chamberlain.
5. The factors taken into consideration in compiling the Business Plan be noted, including efficiency measures.

10. **DRAFT TOWN CLERK'S CORPORATE & MEMBERS SERVICES BUSINESS PLAN FOR 2021/22**

The Committee considered and a report of the Town Clerk which presented the proposed Business Plan for 2021-22 for the Town Clerk's Corporate & Members Services.

A Member requested that the performance indicators were more strategically informed and committed to working with the Director of Members Services to improve this.

RESOLVED: That:-

1. The report be noted.

11. DRAFT COMMUNICATIONS TEAM BUSINESS PLAN FOR 2021/22

The Committee considered a report of the Director of Communications which presented the proposed Business Plan for 2021-22 for the Communications Team.

A Member felt strongly that the communications around electoral registration should be robust and agree that the Elections Campaign Manager should report to the Director of Communications.

There were general comments about the information around prioritisation of the 12% savings across all of the business plans being made clearer to Members.

RESOLVED: That:-

1. The report be noted.

12. DRAFT INNOVATION & GROWTH BUSINESS PLAN FOR 2021/22

The Committee considered a report of the Director of Innovation & Growth which presented the proposed Business Plan for 2021-22 for the Innovation & Growth Department.

RESOLVED: That:-

1. The report be noted.

13. DRAFT REMEMBRANCER'S OFFICE BUSINESS PLAN FOR 2021/22

The Committee considered a report of the City Remembrancer which presented the proposed Business Plan for 2021-22 for the Remembrancer's Office.

RESOLVED: That:-

1. The report be noted.

14. CULTURE MILE CORE REVENUE BUDGET 2021-23

The Committee considered a report of the Assistant Town Clerk & Culture Mile Director which presented the budget estimates for Culture Mile for 2021-23.

RESOLVED: That Members:-

1. Approve the allocation of an annual revenue budget for essential core Culture Mile activities from City Fund of £139,203 for the 2021/2 financial year and £284,984 for the 2022/23 financial year
2. Approve the carry forward of £96,000 from the 2020/21 Culture & Visitor Services Outdoor Arts budget (funded by Central Risk) and £89,000 from the 2020/21 Culture Mile core revenue budget into the core Culture Mile budget for 2021/22
3. Note that a bid to the CIL Neighbourhood Fund would be made in spring 2021, as a means for Culture Mile to maintain its communities work as part of the City's recovery programme.

15. CITY OF LONDON EU STRATEGY

The Committee received a report of the Director of Innovation & Growth concerning the market plan for Europe, previously agreed by Policy & Resources, following the commencement of the UK's transition period.

RESOLVED: That the report be received and its content noted.

16. **UPDATE ON IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT BETWEEN THE CITY OF LONDON AND THECITYUK**

The Committee received a report of the Director of Innovation & Growth which provided an update on the implementation of the Partnership Agreement between the City of London and TheCityUK.

RESOLVED: That the report be received and its content noted.

17. **INNOVATION & GROWTH UPDATE ON TECH**

The Committee received a report of the Director of Innovation & Growth which provided an update on activity being undertaken by Innovation & Growth in relation to technology companies within and around the Square Mile.

RESOLVED: That the report be received and its content noted.

18. **POLICY INITIATIVES FUND AND COMMITTEE CONTINGENCY**

The Committee received a report of the Chamberlain which provided a schedule of projects and activities which have received funding from the Policy Initiatives Fund, the Policy and Resources Committee's Contingency Fund, Committee's Project Reserve, COVID19 Contingency Fund and Brexit Contingency Fund for 2020/21 and future years.

RESOLVED: That the report be received and its content noted.

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

There were no questions.

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

There was one urgent item:

Recovery Taskforce: Interim Update with Preliminary Blueprint

The Committee received a report of the Director of Innovation & Growth which provided Members with an update on the Recovery Taskforce's work since November 2020.

RESOLVED: That the report be received and the preliminary blueprint of the Recovery Task Force and plans for engaging with stakeholders be noted.

21. **EXCLUSION OF THE PUBLIC**

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

22. **NON-PUBLIC MINUTES**

- a) The non-public minutes of the Policy and Resources Committee meeting held on 10 December 2020 were approved as a correct record.
- b) The non-public minutes of the Resource Allocation Sub-Committee meeting held on 10 December 2020 were noted.
- c) The non-public minutes of the Projects Sub-Committee meeting held on 17 December 2020 were noted.
- d) The non-public minutes of the Hospitality Working Party meeting held on 21 December 2020 were noted.

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

The Committee considered and approved a report of the Chamberlain outlining decisions around the overall financial position and the medium-term financial plan.

24. **GREEN HORIZON SUMMIT EVALUATION AND COP26 PREPARATIONS**

The Committee considered and approved a report of the Director of Innovation & Growth providing an evaluation of the City's role at the Green Horizon Summit together with plans in relation to COP26.

25. **SUPPORT FOR INNOVATE FINANCE**

The Committee considered and approved a report of the Director of Innovation & Growth proposing financial support for Innovate Finance.

26. **BRIDGE HOUSE ESTATES TRANSITIONAL INVESTMENT STRATEGY STATEMENT**

The Committee considered and approved a joint report of the Chamberlain and the Chief Grants Officer & Director of the City Bridge Trust proposing the adoption of a transitional investment strategy statement for Bridge House Estates.

27. **BRIDGE HOUSE ESTATES STRATEGIC GOVERNANCE REVIEW - UPDATE FIVE**

The Committee received a report of the Chief Grants Officer & Director of the City Bridge Trust presenting an update in respect of the strategic governance review of Bridge House Estates.

28. **BRIDGE HOUSE ESTATES: ANNUAL UPDATE & 2021 STRATEGY**

The Committee received a report of the City Surveyor presenting the annual update and strategy in respect of the Bridge House Estates property investment portfolio.

29. **CITY FUND PROPERTY INVESTMENT PORTFOLIO - ANNUAL UPDATE & STRATEGY REPORT**

The Committee received a report of the City Surveyor presenting the annual update and strategy report in respect of the City Fund investment portfolio.

30. **STRATEGIC PROPERTY ESTATE (CITY FUND & CITY'S ESTATE) -ANNUAL UPDATE & STRATEGY FOR 2021**

The Committee received a report of the City Surveyor presenting the annual update and strategy report in respect of the Strategic Property Estate (City Fund and City's Estate).

31. CITY'S ESTATE: ANNUAL UPDATE & 2021 STRATEGY

The Committee received a report of the City Surveyor presenting the annual update and strategy report in respect of City's Estate.

32. CULTURE AND COMMERCE TASKFORCE: PUBLICATION OF RECOMMENDATIONS

The Committee received a report of the Assistant Town Clerk & Director of Major Projects concerning the recommendations of the Culture and Commerce Taskforce.

33. NON-PUBLIC APPENDIX: CULTURE MILE BUDGET

The Committee noted the non-public appendix to Item 14.

34. NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY POWERS

The Committee received a report of the Town Clerk advising of two actions taken under delegated authority or urgency procedures since the last meeting.

35. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There was one question, concerning the Waterloo & City Line.

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

There were no urgent items.

The meeting ended at 4.28pm

Chairman

Contact Officer: Gregory Moore
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gregory.moore@cityoflondon.gov.uk

JOINT MEETING OF THE RESOURCE ALLOCATION SUB (POLICY AND RESOURCES) COMMITTEE AND THE EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE WITH COMMITTEE CHAIRMEN

Thursday, 21 January 2021

Minutes of the meeting of the Resource Allocation Sub (Policy and Resources) Committee and the Efficiency and Performance Sub (Finance) Committee with Committee Chairmen held as a virtual meeting on Thursday, 21 January 2021 at 11.00 am

Present

Members:

Deputy Catherine McGuinness (Chair)	Marianne Fredericks
Jeremy Mayhew (Deputy Chairman)	Sheriff Christopher Hayward
Randall Anderson	Shravan Joshi
Deputy Keith Bottomley	Alderman Vincent Keaveny
Tijs Broeke	Oliver Lodge
Deputy Roger Chadwick	Deputy Edward Lord
Deputy Jamie Ingham Clark	Alderman Ian Luder
James de Sausmarez	Paul Martinelli
Karina Dostalova	Hugh Morris
Sir Peter Estlin	Deputy James Thomson
Anne Fairweather	Deputy Philip Woodhouse
	Alderman Sir David Wootton

Officers:

Caroline Al-Beyerty	- Deputy Chamberlain
John Barradell	- Town Clerk & Chief Executive
Michael Cogher	- Comptroller & City Solicitor
Emma Cunnington	- Town Clerks
James Gibson	- IT
Peter Kane	- Chamberlains
Peter Lisley	- Assistant Town Clerk & Director of Major Projects
Greg Moore	- Town Clerks
Angela Roach	- Assistant Town Clerk & Director of Member Services
Bob Roberts	- Director of Communications
Paul Wright	- Deputy Remembrancer

1. APOLOGIES

Apologies were received by Deputy Tom Sleigh and Alderman Sir David Wootton.

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

There were no declarations.

3. **MINUTES**

The minutes of the meeting held on the 11 January 2021 were approved as a correct record.

Matters arising

The Policy Chair raised that following the last meeting, she had received some advice from the Remembrancer on whether the job title should change to “Leader of the Council” or “Political Leader of the Council”. It was discussed that the Remembrancer would provide some advice in writing to the Sub-Committee so that they could consider these concerns.

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

There were no questions.

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

There was no other business.

6. **EXCLUSION OF THE PUBLIC**

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

Item No.
7

Paragraph No.
3

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

The Sub-Committee considered a report of the Chamberlain outlining decisions around the overall financial position and the medium-term financial plan.

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

There were no questions.

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

There were no items of urgent business.

The meeting ended at 12.24 pm

Chair

Contact Officer: Emma Cunnington
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RESOURCE ALLOCATION SUB (POLICY AND RESOURCES) COMMITTEE

Thursday, 4 February 2021

Minutes of the meeting of the Resource Allocation Sub (Policy and Resources) Committee held at Virtual Meeting on Thursday, 4 February 2021 at 3.00 pm

Present

Members:

Deputy Catherine McGuinness (Chair)	Sheriff Christopher Hayward
Jeremy Mayhew (Deputy Chairman)	Shravan Joshi
Deputy Keith Bottomley	Alderman Vincent Keaveny
Tijs Broeke	Deputy Edward Lord
Deputy Jamie Ingham Clark	Alderman Ian Luder
Karina Dostalova	Sir Michael Snyder
Anne Fairweather	Alderman Sir David Wootton

In Attendance

Marianne Fredericks
Barbara Newman

Officers:

Angela Roach	- Assistant Town Clerk & Director of Major Projects
Aqib Hussain	- IT
Bob Roberts	- Director of Communications
Caroline Al-Beyerty	- Deputy Chamberlain
Dianne Merrifield	- Chamberlains
Emma Cunnington	- Town Clerks
Jack Joslin	- City Bridge Trust
John Barradell	- Town Clerk & Chief Executive
Leanne Murphy	- Town Clerks
Paul Wright	- Deputy Remembrancer
Peter Kane	- Chamberlain
Peter Lisley	- Assistant Town Clerk & Director of Major Projects
Devika Persaud	- Town Clerks

1. APOLOGIES

Apologies were received by Deputy Tom Sleigh.

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

There was one declaration:-

- Deputy Jamie Ingham Clark expressed an interest in item 4 by virtue of his role as Church Warden at St Lawrence Jewry.

3. **MINUTES**

The minutes of the joint meeting of this Sub Committee and the Efficiency and Performance Sub Committee held on 21 January 2021 were approved as a correct record.

4. **CAPITAL FUNDING UPDATE**

The Sub-Committee considered a report of the Chamberlain concerning an update on Capital Funding.

Members heard how the request to draw down £196k of funding for the Interim Assessment Centre for Rough Sleepers would need to be deferred as the proposed site for the assessment centre was no longer available. The Department for Community and Children's Services were now looking for an alternative site and would be coming back through the gateways with a revised proposal in due course.

RESOLVED, that:-

- The following schemes be confirmed as continuing as essential priority for release of funding at this time:-
 - West Smithfield Area Public Realm and Transportation
 - London Metropolitan Archive (LMA) Replacement of Fire Alarm, Chillers and Landlord Lighting and Power
 - Walbrook Wharf Depot Replacement of Mechanical and Electrical Services
 - Computer Equipment Rooms Uninterrupted Power Supply
 - Critical IT Security Improvements
 - Golden Lane Estate Lighting and Accessibility Improvements
 - Baynard House Car Park Ventilation and Smoke Clearance System
 - Central Criminal Court East Wing Ground Mezzanine Cooling and Heating Replacement
 - St Lawrence Jewry Church
- The release of up to £6.887m from the relevant reserves of City Fund, City's Cash and Bridge House Estates as appropriate be agreed, subject to the required gateway and 2021/22 funding approvals.
- It be noted that in order to maintain sound financial discipline, a review of unallocated central project funding provisions will be brought to Members in the Spring.

5. **COMMUNITY INFRASTRUCTURE LEVY NEIGHBOURHOOD FUND - APPLICATIONS FOR APPROVAL**

The Sub-Committee considered a report of the Chief Grants Officer and Director of City Bridge Trust concerning the applications for approval in the Community Infrastructure Levy Neighbourhood Fund.

A Member requested further detail on the reasoning behind the rejection of the Fleet Street Sundial project, and heard how the Central Grants Unit would work with the organisation to ensure the project had appropriate permission in place to submit a future application.

Members felt that the process had been slow for microgrants and suggested there should be delegation to ward grants. The Sub-Committee asked for another report on the matter to be submitted to this Sub-Committee in three months' time.

RESOLVED, that:-

- The approved and rejected grants under delegated authority at a meeting of the CILNF Officer Panel in December 2020 be noted.
- The grant recommended to the Maggie Keswick Jencks Cancer Caring Centres Trust at a meeting of the CILNF Officer Panel in December 2020 be approved.

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

There were no questions.

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

There were no items of urgent business.

8. **EXCLUSION OF THE PUBLIC**

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

Item No.

9, 10

Paragraph No.

3

9. **NON-PUBLIC MINUTES**

The non-public minutes of the joint meeting of the Sub-Committee and the Efficiency and Performance Sub-Committee were approved as a correct record.

10. **CYCLICAL WORKS PROGRAMME (CWP) AND ADDITIONAL RESOURCES FOR CITY FUND PROPERTIES (ARCFP)**

The Sub-Committee considered a report of the Chamberlain concerning the Cyclical Works Programme (CWP) and Additional Resources for City Fund Properties (ARCFP).

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

There were no questions.

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

There was no other urgent business.

The meeting ended at 3.13 pm

Chairman

Contact Officer: Emma Cunnington
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PUBLIC RELATIONS AND ECONOMIC DEVELOPMENT SUB (POLICY & RESOURCES) COMMITTEE

Thursday, 14 January 2021

Minutes of the meeting of the Public Relations and Economic Development Sub (Policy & Resources) Committee held at the Guildhall EC2 at 3.00 pm

Present

Members:

Deputy Catherine McGuinness (Chair)	Alderman Vincent Keaveny
Deputy Keith Bottomley	Deputy Edward Lord
Karina Dostalova	Andrew Mayer
Anne Fairweather	Jeremy Mayhew
Alderman Prem Goyal	Sir Michael Snyder
Alderman Timothy Hailes	Alderman Sir David Wootton
Deputy Jamie Ingham Clark	

Officers:

Aqib Hussain	- IT
Bob Roberts	- Director of Communications
Damian Nussbaum	- Director of Innovation & Growth
Devika Persaud	- Town Clerks
Emily Garland	- Remembrancers
Emma Cunnington	- Town Clerks
Giles French	- Innovation & Growth
John Barradell	- Town Clerk & Chief Executive
Mary Kyle	- Innovation & Growth
Nick Bodger	- Town Clerks
Nigel Lefton	- Remembrancers
Paul Double	- Remembrancers
Paul Wright	- Remembrancers
Rebecca Muscat	- Town Clerks
Richard Messingham	- Communications

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Tijs Broeke, Sheriff Christopher Hayward and Deputy Tom Sleigh.

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

There were no declarations of interest.

3. **MINUTES**

RESOLVED – That the public minutes and summary of the meeting held on 17 November 2020 be approved as a correct record.

4. **CORPORATE AFFAIRS UPDATE**

The Sub-Committee received a report of the Director of Communications concerning recent activity of the Corporate Affairs team.

The Head of Corporate Affairs provided a brief introduction to the report outlining the three major current priorities of the Corporate Affairs team; working in response to the pandemic, reporting on developments in the green finance sector, and engagement with London institutions and London Boroughs. It was acknowledged by the Chair and other Members that cross party working and collaboration, which had been positively developed during the pandemic, was especially important to ensure quick recovery of London economy and society.

It was also highlighted that the report had omitted the recent agreement to work with Cumberland Lodge finance summit which would provide an opportunity for representatives in the financial sector to come together to discuss current issues.

A Member felt that the report focused too much on the number of meetings rather than the overall goals and strategy of the engagements and neglected to include details of engagement with London Councils by other Members and Chairs, in addition to the Chair of Policy & Resources. It was agreed that this would be considered for future reports.

RESOLVED, that:-

- The report be noted.

5. **PARLIAMENTARY TEAM UPDATE**

The Sub-Committee received a report of the Remembrancer concerning recent activity of the Parliamentary team. The Remembrancer highlighted that since submitting the report, the Financial Services Bill had passed through its final stages in Parliament which provided interesting discussion of the incorporation of carbon zero emissions and ethical investing.

A Member requested an update as to the status of the Environment Bill. The Sub-Committee were informed that the Bill was yet to be timetabled but was expected to move through the House of Lords shortly.

RESOLVED, that:-

- The report be noted.

6. **IG UPDATE**

The Sub-Committee received a report of the Director of Innovation & Growth concerning recent activity of that department.

The Director of Innovation & Growth provided a short summary of the report highlighting that some key areas were emerging as key building blocks such as the FinTech Review, allowing the financial services industry to become dynamically competitive.

The Chair highlighted that she had been asked to Co-Chair the Professional and Business Services Council (PBSC) and asked for officers to provide an update to the Sub-Committee on this matter in due course.

A Member sought further information concerning the 'Innovation Ambassador' scheme outlined in the report, and the Sub-Committee heard that had been delivered in partnership with KPMG, involving 55 participants from 24 businesses, and initially aimed to be a three day programme but had become a four week part time virtual programme as a result of Covid-19. The Chair added that a great sense of enjoyment and benefit was expressed by those who took part in the programme and that future reporting should more explicitly focus on positive initiatives such as this.

Members expressed interest in the Lugano Convention and requested an update on this work. The Remembrancer stated, that while widely regarded as an important action, and seen as a competitive tool for the UK. The Chair added that this point was often being raised at industry roundtable events.

A Member enquired as to how many Members were able to attend events of these types and how these were appointed. It was clarified that standard practice was to ensure either the Chair, Deputy Chair or either Vice Chair of Policy & Resources attend to represent the City Corporation.

RESOLVED, that:-

- The report be noted.

7. **CITY OF LONDON EU STRATEGY**

The Sub-Committee received a report of the Director of Innovation & Growth concerning the City Corporation's EU strategy.

The Sub-Committee heard a presentation as to why engagement with the EU was so vital, due to the sheer quantum of exports and the fact that the EU is such an important standards-setter.

The Policy Chair endorsed the City Corporation's work, looking to forge positive relationship and dialogue with the EU and the City Corporation's close working with the International Regulatory Strategy Group (IRSG) and HM Treasury on this matter.

A comment was made on the number of bilateral dialogues between countries and whether more countries should be added, such as Spain or Luxembourg. The Policy Chair explained that these dialogues were ran in partnership with TheCityUK, but that there might be an appetite for practitioner to practitioner dialogue, particularly on areas such as sustainability and asset management.

A Member also raised that the financial services' key asks had not been reflected in the EU-UK Trade and Cooperation Agreement and the City Corporation should continue to make this clear to HM Government. The Director underlined strongly the fundamental need for the City Corporation to continue to engage with the EU and continue to influence at a political and technical level, through the strengthened Brussels Office. This position was endorsed by the Sub-Committee.

RESOLVED, that:-

- The report be noted.

8. **INNOVATION & GROWTH UPDATE ON TECH**

The Sub-Committee received a report of the Director of Innovation and Growth concerning an update on that department's work on the tech sector.

A Member accounted for the FinTech delegation to Saudi Arabia, on which he had accompanied the Lord Mayor and commented how these trips were a hugely valuable activity.

There was also a short discussion about the term "Financial and Professional Services", where some Members felt that "Financial and Related Professional Services" was a more accurate description. There was also a discussion as to whether "Financial and Technological Services" would be a more suitable option. A Member felt it important that the term also covered the expansive legal sector in some way.

RESOLVED, that:-

- The report be noted.

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

There were no questions.

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

There were no urgent items.

11. **EXCLUSION OF THE PUBLIC**

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

Item
12

Paragraph
3

12. **CULTURE & COMMERCE TASKFORCE**

The Sub-Committee received a report of the Cultural & Visitor Development Director about the Culture and Commerce Taskforce.

The Director explained how the Taskforce aimed to collaborate with other London Boroughs and the Greater London Authority, and that, once launched on 9 February, it aimed to gain a wide audience and delivery partners across other London Boroughs.

RESOLVED, that:-

- The report and recommendations of the Culture & Commerce Taskforce be noted.

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

There were no questions.

14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no items of urgent business.

The meeting closed at 3.56 pm

Chairman

Contact Officer: Emma Cunningham
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TO: POLICY AND RESOURCES COMMITTEE

18 February 2021

FROM: PORT HEALTH AND ENVIRONMENTAL SERVICES COMMITTEE

20 January 2021

In approving the reductions to street cleansing, waste collection and public convenience services required to operate within the budget envelope for the 21/22 financial year, the Port Health & Environmental Services Committee request that future service provision be addressed strategically and in the round.

Members of the Port Health & Environmental Services Committee are concerned that future service provision should meet the needs of its residents and be aligned to its place as a global centre for business and in line with its visitor strategy, as the City recovers from the pandemic.

It is requested that the Policy and Resources Committee ask the Recovery Task Force to include consideration of services within their remit to inform the right provision from a strategic perspective, including any reset/rebalancing of funding to meet the City's future needs.

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TO: **POLICY AND RESOURCES COMMITTEE**

18 February 2021

FROM: **CAPITAL BUILDINGS COMMITTEE**

13 January 2021

4. **TERMS OF REFERENCE AND FREQUENCY OF MEETINGS: ANNUAL REVIEW**

The Sub-committee considered a report of the Town Clerk presenting Members with an opportunity to consider the Committee's terms of reference and to propose any changes to these in time for the annual re-appointment of Committees by Court of Common Council.

The Chairman remarked that there were no changes proposed to the Terms of reference.

A Member, also Deputy Chairman of Policy and Resources Committee, confirmed he was speaking on behalf of the Chair of Policy who was otherwise engaged with the Lord Mayor. The Committee were asked to consider putting forward a recommendation to Policy and Resources Committee and on to Court of Common Council that an exceptional circumstance be made for this Committee in allowing the term of its Chairman to be extended by one additional year.

The Member added that this Committee was at a critical stage in overseeing the Combined Courts and City of London Police Accommodation Strategy projects and that the Chair of Policy was of the view that maintaining continuity of leadership on this Committee would be crucial over the next year as the City Corporation works through the Lisvane Review recommendations relating Governance, which would ultimately establish where the City Corporation goes with all its committee structures.

The Member proposed a recommendation be put to Policy and Resources Committee and onto Court of Common Council that Standing Order 29 (2) be waived on this occasion and that the Chairman's term be extended by one additional year.

Members unanimously supported the recommendation and agreed it would be entirely appropriate given the review of Governance that was ongoing.

In response to questions from Members, it was clarified that the proposal was to waive the convention of standing order 29 (2) in allowing the Chairman to extend their term by one year into a fourth year. It was clarified that this change of term would be subject to the annual re-appointment process by Court of Common Council and the annual election of Chairman in the normal way.

Resolved, that

- the terms of reference of the Committee be approved for submission to Court of Common Council in April 2021 and,
- that a recommendation of this Committee be made to Policy and Resources Committee and Court of Common Council that the Chairman's term be extended by an additional year.

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Agenda Item 6

Committees: Procurement Sub (Finance) Committee – For decision Project Sub (Policy and Resources) Committee – For decision Digital Services Sub (Finance) Committee – For decision Finance Committee – For decision Policy and Resources Committee – For Decision	Dated: 11/02/2021 By Urgency By Urgency 16/02/2021 18/02/2021
Subject: Endorsement for Court Submission on new Committee for Next Generation Fraud and Cyber Crime Reporting and Analysis Service Project	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	Corp Objectives: 1, 9 & 10
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Town Clerk	For Decision
Report authors: Oliver Bolton, Town Clerk’s and Chris Bell, Fraud and Cyber Service Director, CoLP	

Summary

Last summer, the City of London Police was appointed by Home Office Ministers to lead the procurement for the replacement of the Action Fraud and National Fraud Intelligence Bureau systems. This project is known as the Next Generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS). As this project is majority funded by the Home Office, there is a requirement for the project team to adhere to the Home Office and wider government governance (Cabinet Office and HM Treasury).

Due to the scale and nature of the project, there are also numerous City of London Corporation Committees and Sub-Committees that have an interest and decision-making responsibilities regarding the project. These, combined with the wider government requirements and City of London Police’s own project and delivery boards place a significant burden on the project team ensuring each body receives the appropriate information and in the right format. These governance requirements have been identified as a risk to delivery by the Home Office, the Government’s Infrastructure and Projects Authority, Commissioner’s Project Board and Police Authority Team. To assist mitigating this risk, it is proposed to seek approval from Court of Common Council to establish a dedicated, time-limited, stand-alone Committee to fulfil the need for Member oversight of this significant project. Proposed membership of this Committee would comprise the Chairs and Deputy Chairs of the Committees the project would otherwise be reporting to: Police Authority Board, Finance Committee, Procurement Sub, Project Sub and Digital Services Sub. While not currently part of the project governance, it is proposed to also include the Chair and Deputy of Policy and Resources Committee in the membership, to further strengthen oversight.

An extraordinary meeting of the Home Office Finance and Investment Committee is being convened for early to mid-March 2021 to consider approval of the project progressing to the next stage. In order to ensure the best case is put forward and known concerns around the project governance are addressed in time, the project team would like to take a proposal to Court of Common Council for consideration on 4th March 2021.

To achieve this within the timeframes required, endorsement is sought from your committee for the Chairs of the Policy and Resources Committee and Police Authority Board to take a proposal for Court to consider on 4th March 2021. The proposed governance arrangements in respect of the new committee, including the terms of reference and member composition, will be set out in that proposal. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.

Recommendation

Members are asked to:

- Endorse the creation of a new stand alone, time-limited committee to oversee the FCCRAS project and for this committee to pass on its decision-making responsibilities on this project to the new committee. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees referenced in paragraph 15.

Main Report

Background

1. Since 2014, the City of London Police have been running the 24/7 national fraud reporting service, Action Fraud, and its analysis function, the National Fraud Intelligence Bureau. Following the end of the contract period for this service, the City was chosen by Home Office Ministers to lead the procurement for a replacement service, known as the Next Generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS).
2. The City of London Police established a project team to lead this procurement and they have been progressing with the necessary preparatory work and documentation with a view to going to tender in April 2020 and awarding contract in April 2022. This is a project of significant size, with current build value estimated at £30m and total run cost of £110m for the five years of the contract.

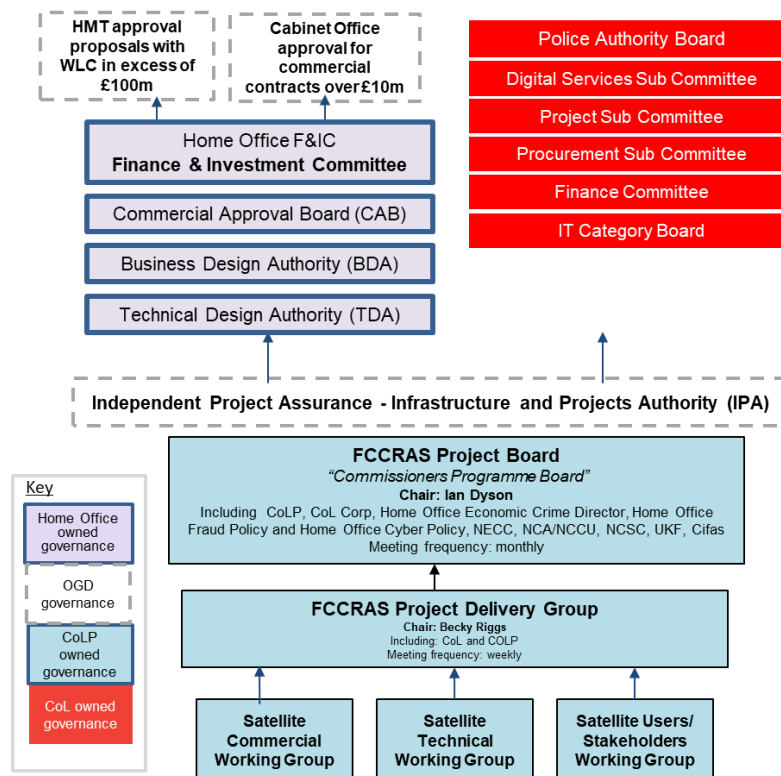
Current Position

3. To meet the deadline to procure the new system and replace the current service will be extremely challenging for the team. Indeed, the current timeline already requires an additional extension to the existing contract. While the project team is

looking at ways to mitigate this and reduce the timeline where possible, one risk to effective delivery that has been identified is the complex governance that the project is subject to.

4. As the project is delivering a national service on behalf of the Home Office, there is a requirement to report and seek approval from four key Committees and Boards. Due to the total cost of the project being over £100m, HM Treasury approval and Cabinet Office approval (for commercial contracts over £10m) must also be navigated.
5. The scale of the project has also meant that it has recently been made subject to the government's Infrastructure and Project Authority (IPA) gateway process. The IPA draws together professional experts in the delivery of major public projects and through of documentation review and a series of interviews provides a health-check of the project at key milestone stages to determine whether it can progress to the next stage of delivery. Its mandate can be accessed [here](#)¹. When the external governance is overlaid with the internal governance of the City of London Police and the City of London Corporation, there is a total of 18 working groups and governance entities that the Project is accountable to. An illustration of this is shown below.

Overview of the Governance for the FCCRAS



6. The IPA carried out their documentation review of this project over the Christmas period followed with 21 interviews across the team and key stakeholders in the

¹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/949868/IPA_Mandate_2021.pdf

week beginning 11th January, reporting their findings to the Commissioner (as SRO for the project) by the end of that week. Feedback from the IPA and other key stakeholders has been broadly positive about the quality of the products the team has produced to date highlight some areas that they would like to see strengthened. In particular, they identified the current governance requirements as a critical concern for the project going forward, citing 'governance overload'. An excerpt of the report covering the findings on the project's governance is found at Appendix 1. A full report on the IPA's findings will be submitted to the Police Authority Board and Project Sub.

7. Both the City and the Home Office have identified the need to streamline the governance for the project or risk jeopardising its success as the team's capacity is taken up with reporting rather than on delivery. This is a view that was firmly echoed in the first report of the IPA and also by many of the Members at the pre-Christmas Member briefing on the project (16th December).
8. The Home Office has given a commitment to review their own governance burden on the project on the basis that the City does the same and to date they have removed the need for the project to pass through their Business Design Authority and Technical Design Authority. This report outlines the options that officers have identified for the City Corporation to meet its commitment.
9. An extraordinary meeting of the Home Office Finance and Investment Committee is being convened for early to mid-March 2021 to consider approval of the project progressing to the next stage. In order to ensure the best case is put forward and known concerns around the project governance are addressed in time, the project team would like to take a proposal to Court of Common Council for consideration on 4th March 2021. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.
10. Members will be acutely aware that significant work is underway to address the recommendations from the recent Lisvane Review of the Corporation's governance. This report's proposal is not intended to pre-empt the implementation of that work, but rather meet the specific needs of this critical project in a timely manner, while imposing minimal burden on both Members and officers.

Options

1) Maintain current governance

11. The City Corporation could stick to its current governance requirements, on the principle that this would provide the most thorough oversight of a service that has had a challenging track record under the existing contract. However, this would not reduce the burden on the project team and would mean a significant proportion of its resources are dedicated to reporting on the project rather than delivering it and ensuring the most appropriate specifications and best value for

money. This approach would also likely discourage the Home Office from making any concessions.

2) Delegate Authority to the Town Clerk in consultation with the Chair and Deputy Chair of the Police Authority Board to approve a solution for consideration at Court of Common Council

12. The intention is to seek approval from the Court of Common Council to establish a stand-alone Committee dedicated to the consideration of key decisions for the FCCRAS project, time-limited to the period of procurement to 'go-live' for the project (currently estimated to be approximately three years).
13. An informal Member Reference Group was formed over the previous summer to keep Members updated on important developments ahead of key decisions coming to the different committees. The formation of the new committee would formalise this – providing decision making powers and avoiding the need for reporting to multiple committees, or where timescales dictate, seeking multiple urgencies.
14. It should also be noted that the Committee would only meet ad hoc and is only ever likely to be considering single reports at key decision points in the life of the project. Minutes will also only need to record decisions made, thus keeping the volume of work on Members and officers to minimum.
15. It is proposed that membership of the new Committee would comprise Chairs and Deputy Chairs of the Committees and Sub-Committees that would otherwise have an individual role in the decision-making process of the project, namely:
 - Police Authority Board
 - Policy and Resources Committee
 - Finance Committee
 - Procurement Sub (Finance) Committee
 - Project Sub (Policy and Resources) Committee
 - Digital Services Sub (Finance) Committee

It is also proposed that the above committees could nominate additional members by exception where they have a particular, professional expertise that would benefit the project.

16. Forming this new committee would ensure that Member oversight of this critical project is maintained with appropriate representation from across the relevant arms of the Corporation. Additionally, it would significantly streamline the bureaucratic requirements on the project team, ensuring more time is focused on delivery of the project. It would also demonstrate to Government that the Corporation is recognising the risks outlined by the IPA and others regarding 'governance overload' and actively seeking to mitigate these and ensure the project has a better chance of success.

17. Your committee is asked to endorse this approach and in so-doing handover decision-making responsibilities for this project to the proposed committee, should its formation be agreed at Court.
18. The proposed governance arrangements in respect of the new committee, including the terms of reference and member composition, will be finalised and submitted in time for consideration at the Court of Common Council meeting on 4th March. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.

Corporate & Strategic Implications

19. Sub-headings

- a. **Strategic implications** – Successful delivery of this project is critical to ensuring an effective service is provided to victims of fraud and cyber crime. Given the challenges faced with the current system, there are also significant reputational risks to the City Corporation and the City of London Police if this project's objectives are not achieved. Successful delivery of this project is therefore critical to supporting the City of London Police's role as National Lead Force for fraud and the City Corporation's role as an effective Authority.
- b. **Financial implications** – If more resource is required for successful delivery of the project to accommodate the extensive governance requirements (some of which have only recently been imposed), this would require additional funding.
- c. **Resource implications** – Pursuing the option of a stand-alone Committee provides the best option to both reduce the burden on the project team, but also on the administration of the current committees involved in oversight of the project.
- d. **Legal implications** - None
- e. **Risk implications** – As above.
- f. **Equalities implications** – None
- g. **Climate implications** - None
- h. **Security implications** - None

Conclusion

20. Successful delivery of the FCCRAS project is critical to the successful fulfilment of the City of London Police's role as National Lead Force for Fraud and Cyber Crime. And the force's leadership in fraud and cyber crime is a crucial element of the City's objective of being a safe place to do business.
21. The current governance requirements imposed on the project risk diverting too much resource, effort and focus away from effective delivery of the project itself. It is therefore strongly recommended that, given the on-going level of extensive oversight that will be required, the creation of a new committee is endorsed and

your committee's decision-making responsibilities are handed over to this new entity.

22. Submission of the proposal to the Court of Common Council (including terms of reference and membership) will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.

Appendices

- Appendix 1 - Excerpt on governance from final Gateway 2 report of the Infrastructure and Projects Authority review of the Fraud and Cyber Crime Reporting and Analysis Service.

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Appendix 1

Excerpt on governance from final Gateway 2 report of the Infrastructure and Projects Authority review of the Fraud and Cyber Crime Reporting and Analysis Service.

“There are a number of risks that the project faces including governance overload...”

Governance

This is a complex project with accountabilities (including for funding) to three different bodies, Home Office, the City of London Corporation and its Police Authority. The importance of the project, the level of political interest and past history of difficulties with the service the project is looking to replace has understandably led to high levels of interest to ensure confidence in delivery. This has in turn translated into detailed governance, in some cases multiple layers of governance, from each body. The project’s governance diagram shows the Project Board linking to twelve other governance bodies/committees in Home Office and COLC to secure the necessary approvals to proceed.

The review team heard that the extent of governance had become heavy, and added a considerable burden to the operation of the project, with the need to meet governance requirements taking away from the ability to take forward project development. An issue has needed to be taken to different bodies, with different processes and timelines, duplicating effort and risking complication if the bodies come to competing views.

There was also some confusion between strategic governance – decision making about how to take the project forward – and providing assurance that the project was proceeding against agreed parameters. It is important that this is clarified and the roles and responsibilities of different parties is agreed and set down clearly.

The RT heard from all parties that the issues created by the extent of external governance the project faced were recognised and understood. There was a desire from all sides to address this and to simplify and delayer the governance the project faced, although detailed models have yet to be finalised. This would become easier as the project moved from initial phases setting its strategic direction into more operational delivery. Considerable work is already in hand to resolve this governance issue and it needs to be concluded rapidly.

Recommendation 2: It is recommended that the project should develop an Integrated Assurance and Approval Plan by 1 April, agreed with Home Office, Police Authority and COLC, to set out the respective roles and accountabilities of the different bodies.

Committee	Date
Policy & Resources Committee	18 February 2021
Subject Adoption of Recommendations from the Fraser 2.0 Report on Competitiveness Agenda	Public
Report of The Town Clerk and Chief Executive	
Report Author Damian Nussbaum, Innovation and Growth	For discussion

Summary

This paper sets out the proposed recommendations and implementation plan from the Fraser 2.0 Report for strengthening the Corporation's role in navigating the competitive landscape of UK financial and professional services (FPS). This paper also outlines next steps in establishment of the Innovation and Growth Advisory Board.

Recommendations

The Policy & Resources and General Purposes Committee is recommended to note and consider support for the following:

- i. Recommendations from the Fraser 2.0 report;
- ii. Proposed implementation plan (see Appendix 1);
- iii. Development of a Competitiveness Strategy for the City of London Corporation; and
- iv. Next steps in the establishment of the Innovation and Growth Advisory Board.

Main Report

Background and context

1. Sir Simon Fraser first reported on the effectiveness of the Corporation in developing policy and promoting the City in late 2015. In January 2020, Flint completed a light-touch review of the progress made by the City of London Corporation since then. The recent review focused on what more needs to be done to strengthen the Corporation's work linked to policy formation and promotion of the City as a global centre for tech, financial and professional services (FPS). This included an emphasis on internal organisation and procedures bearing in mind the urgency created by fast moving external change.
2. The findings of the review and subsequent recommendations are structured around four pillars. In order to effectively play a unique and impactful part the Corporation needs to deepen its' collective clarity of purpose focused on competitiveness. This will only be achieved through institutional effectiveness, strong leadership and governance and effective external relationships. If taken forward at pace, these actions could enhance the Corporation's role in

representing the UK FPS industry, including innovative areas of tech and business services, in a fast-moving external environment. The attached implementation plan, prepared by Flint, turn the high-level recommendations into deliverable actions.

3. Informed by Member Consultation on both the Fraser and Lisvane reviews on this topic, this committee has in January 2021 agreed the establishment of an independent Innovation and Growth Advisory Board. Members agreed that the new group would have an advisory role and decision-making responsibility would continue to rest in the appropriately appointed committees (i.e. Policy & Resources, for the most part). It was proposed that the Board be operational for the start of or very early within the 2021-22 financial year. Appendix 2 captures the agreed draft terms of reference for the Board, which is to be reviewed alongside the proposed strategy at an early meeting.
4. Members of the General Purposes Committee and the Policy and Resources Committee met informally in November 2020 where there was agreement to adopting the recommendations under Fraser listed below.

Report recommendations

5. The headline recommendation of the report are as follows:
 - a. Establish a new Competitiveness Strategy to guide the Corporation's work to oversee a set of medium-term strategic policy priorities to protect and promote the UK FPS abroad
 - b. The priorities of the strategy should be reflected in resource allocation and planning in all of the departments involved in this field of work but primarily in IG, Mansion House, CPR Office, Remembrancers and Communications.
 - c. Develop a proactive, forward-looking communications and political engagement plan, deployed through multiple channels.
 - d. Benchmark UK FPS against competitors annually
 - e. Establish IG as a single centre for policy work on competitiveness
 - f. Strengthen capability for this policy work across the board including building diversity of people and skills
 - g. Facilitate clarity, transparency and coordination across the board including a review of job titles and a clearer organogram
 - h. Within the agreed strategy, CPR should lead on international engagement on policy and regulation and Lord Mayor on the promotion of trade and investment
 - i. Establish a new single point of oversight for Competitiveness. This has also been recommended by the recent Lisvane governance review.
 - j. Build strong relationships with government and the new political leadership that are strategic in nature
 - k. Deepen the partnership with TCUK
 - l. Develop clear strategies for external markets with resources focused on high priority activity
 - m. Establish collective agendas for co-operation with international bodies

6. The primary recommendation above is to develop and agree a Competitiveness Strategy for the Corporation. This would be done in consultation with government and business.
7. A Competitiveness Strategy would anchor programmes in an overarching narrative of the additive role for the City Corporation to play in driving the competitiveness for UK FPS. It would build upon the existing market strategies, engagement with international bodies and benchmarking work currently underway in IG.
8. It would also describe:
 - The current position and the future of both longstanding and new competitive elements of UK FPS against those most relevant for understanding our position globally.
 - The range of global indexes benchmarks and comparators against which these elements should be measured.
 - The implications of emerging and future opportunities and challenges to leverage or embrace to remain competitive. This would cover trends affecting financial services and its regulation as well as wider political, geopolitical and trade influences.
 - A proactive approach to collaboration with the UK Government, regulators and financial services trade associations.
 - An impactful and proactive approach to political engagement and communications on the competitiveness agenda
9. It is recommended by both the Fraser 2.0 review and the recent Lisvane Governance Review that corporate level progress and the onwards development of the Competitiveness Strategy is driven and monitored by a single point of oversight. In January 2021, this committee took the decision to retain governance oversight of the competitiveness agenda and establish an Innovation and Advisory Board to guide and steer the strategy.
10. A detailed implementation plan has been developed to support the adoption of the recommendations from Fraser. This outlines a set of direct and enabling actions to develop and support the implementation of a clear and collective strategy around global competitiveness for the UK FPS sector. The plan, organised around the four Fraser pillars, is located in full in Appendix 1 for reference.
11. It is recommended to adopt the recommendations above and commence work on the development of a Competitiveness Strategy.
12. It is also recommended that the actions outlined in the implementation plan are advanced according to the broad timeline indicated in Appendix 1. The timeline indicates that the proposal for the structure of the strategy be submitted to the March P & R committee before onward development from the first meeting of the Innovation and Growth Advisory Board.
13. In the main this work will be owned by IG in coordination with Mansion House, Remembrancers and Communications (and their TOM successors). All references

in this report are to the existing structures. This will evolve under the context of the governance review and new target operating model to ensure alignment with longer term organisational aspirations.

Next steps

14. The next step for the governance arrangements is to agree criteria and nominations process for the Steering Group of the Advisory Board.
15. The Steering Group has been agreed as 8-12 members, with membership coming from external and internal Members. A full explanation of the composition is included in Appendix 2.
16. Informed by Member consultation to date, the criteria and nominations process are proposed as follows:
 - a. Criteria of Membership (Internal and External)
 - i. The Steering Group would best benefit from broad and deep expertise across a number of markets and sub-sectors relevant to FPS. Expertise that is deep to one sector or market will be utilised in the ad hoc aspect to the Board's work. Preference will be given to those who have senior level experience and expertise on 2 or more sectors and/or markets.
 - ii. Expertise and experience should be based on direct market participation.
 - iii. Composition of the Steering Group should balance diversity of perspective, thought, expertise and experience.
 - iv. The Steering group will also benefit from members who:
 1. have experience and expertise within new and emerging sub-sectors and themes of FPS and in managing
 2. have experience in managing FPS businesses located in London from foreign jurisdictions.
 - b. Internal Members
 - i. All Members of the Court will be invited to submit an expression of interest (EOI) for the Board by March 1st. The EOI is to be set against the criteria for membership.
 - ii. Officers will sift the applications according to the criteria for full review by the Core Members of the Steering Group. Core Members include CPR as Chair, Chairman of General Purposes Committee as Deputy and then each of the Deputies of Policy and Resources and General Purposes Committee.
 - iii. Four to six names to be presented by the Core Steering Group to Policy and Resources for acceptance at the March 2021 meeting.
 - iv. Formal invitations to be issued in time for first meeting, currently being targeted for late April 2021.
 - c. External
 - i. Officers from IG will provide a short list of names based on criteria for membership.

- ii. Four to six names will be presented by the Core Steering Group to Policy and Resources for acceptance at the March 2021 meeting.
- iii. Formal invitations to be issued in time for first meeting, currently being targeted for late April 2021.

17. The next steps for the development of the strategy is to commence officer level drafting and come back to March P&R with the proposed outline for the strategy. A draft strategy can be presented to the Innovation and Growth Advisory Board at an early 21/22 meeting.

18. Following the adoption of the Fraser recommendations, the next steps for the implementation of the strategy will be taken forward by officers and presented in regular updates and where required, for approval, to P & R.

Corporate and strategic implications

19. The approach outlined supports the commitments set out in the Corporate Plan, 2018-23, and the strategy itself is being designed to impact upon the following outcomes and high-level actions:

Outcome 5: Businesses are trusted and socially and environmentally responsible

- Champion the ease, reliability and cost-effectiveness of doing business here.
- Model new ways of delivering inclusive and sustainable growth.
- Support, celebrate and advocate responsible practices and investments.

Outcome 6: We have the best legal and regulatory framework and access to global markets.

- Promote regulatory confidence founded on the rule of law.
- Influence UK and global policy and regulation and international agreements to protect and grow the UK economy.
- Attract and retain investment and promote exports of goods and services across multiple global markets.

Outcome 7: We are a global hub for innovation in financial and professional services, commerce and culture

- Support organisations in pioneering preparing for a responding to changes in regulations, markets, products and ways of working.
- Promote London for its creative energy and competitive strengths

Outcome 8: We have access to the skills and talent we need.

- Promote the City, London and the UK as attractive places to live, learn, work and visit.
- Champion access to global talent
- Identify future skills needs shortages and saturations

20. No legal, security, financial, climate or resourcing implications arise from the recommendations in this report. Activities to support the initial development of a Competitiveness Strategy will be met from existing IG budgets and resources. Any implications associated with the implementation of the Strategy itself will be included in the submission to P & R.

Conclusion

21. It is within the Corporation's core purpose to steward the UK's financial centre and financial, tech and professional services sectors through current and future challenges and opportunities. Adopting and implementing the recommendations of the Fraser Report will facilitate the fulfilment of this important role.

Implementation Plan

The Implementation plan follows the four pillars outlined in the February 2020 Fraser Review. The plan will be guided by officers with regular updates to Policy and Resources Committee.

The timeline will be intentionally co-ordinated with the developments of the governance review, new target operating model and the ongoing Fundamental Review and the Medium-Term Financial Plan to ensure alignment with longer term organisational aspirations.

Pillar 1 - Clarity of purpose

Timeframe	Action	Owner	Deadline
Commence upon P & R Adoption of Fraser 2.0	1. Produce a new Competitiveness Strategy based on agreed policy priorities (as below) and including goals, objectives and delivery timeframes, and an ongoing monitoring mechanism at both officer and committee level. Active engagement from MH and other Corporation stakeholders, and strong comms and political engagement plan.	IG	Structure to be submitted at March P & R and full draft to Innovation and Growth Advisory Board in April 2021
	1.1. Draw up and agree list of short- and medium-term strategic policy priorities for the promotion of UK FPS	IG	To be completed as the first step in developing the competitiveness strategy
	1.2. Establish parameters to measure the competitiveness of UK FPS, and benchmark this against competitors annually.	IG	Completed
	1.3. Map how to give systematic approach to the convening and sponsorship of events and meetings, and the governance for this, within the wider comms and political engagement plan.	MH & REM, with IG and Comms	To be completed as the first step in developing the competitiveness strategy
	1.4. Ensure that Business Plans reflect and implement Competitiveness Strategy.	IG, MH, REM and Comms	Integrated in program planning for 21-22 and formally into business plans for 22-23

	1.5. Ensure that Competitiveness Strategy informs and provides structure for the international activities of the LM on a multi-year basis. Also reflected in Comms and Political Engagement Plan.	IG and MH	April 2021
	1.6. Develop a proactive, forward-looking communications and political engagement plan, deployed through multiple channels.	IG and Director of Comms with MH and Rems	To be completed as the first step in developing the competitiveness strategy
TBD	2. Draw up a menu of themes for Lord Mayors to draw on when deciding the theme of their tenure, based in the competitiveness strategy	IG with MH	May 2021

Pillar 2 – Institutional Effectiveness

Timeframe	Action	Owner	Deadline
TBD	3. Review job titles in and produce a clearer organogram of the City Corporation, including the title of CPR. MH should have the necessary diplomatic expertise to pursue activities that are complementary to the FPS agenda.	IG /MH	In good time to be agreed in conjunction with the adoption of the Competitiveness Strategy
July – August	4. Develop/ refresh existing collaboration structures between IG and Mansion House in light of the competitiveness strategy.	IG & MH	New Playbook by September
Post Strategy Adoption	5. Review overseas resources to ensure that allocation is aligned with the new competitiveness strategy. Consider potential redistribution.	IG & MH	May 2021
Post Strategy Adoption	6. Review the process for SBTAC / Shrieval preparation to ensure that	Shrievalty, with IG and MH	Summer 2021

	interdepartmental collaboration is focused on delivering the new competitiveness strategy		
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Pillar 3 – Strong leadership and governance

Timeframe	Action	Owner	Deadline
TBD	7. Review the roles of the CPR and Lord Mayor and draw up shared objectives of respective work programmes for 21/22 and establish repeatable process for subsequent years	Chair of CPR and Lord Mayor's office	Spring and Summer 2021
Now	8. CPR to review existing resources and to consider best timing to recruit additional capacity as needed.	CPR	Ongoing with TOM
From now	9. Make a proposal for a new senior Competitiveness sub-Committee and present it at P & R at same meeting as Strategy.	TC	Complete

Pillar 4 – Effective external relationships

From Now	10. City Corporation to meet with TCUK to discuss agendas and goals to support the new competitiveness strategy for the City. Continue to strengthen alignment of Business Plans in 21/22 and beyond.	IG	Ongoing
From Now	11. Build strong relationships with government departments and the new political leadership. This should be reflected in the	Comms and Rems, with IG and MH	To be enhanced as the first step in developing the competitiveness strategy

	comms strategy/political engagement plan.		
From now with TCUK	<p>12. Refresh/ produce individual strategies for each key external market for the City.</p> <p>13. Develop an engagement map to show current lines of engagement with international bodies and conduct a prioritisation exercise based on opportunity assessment.</p>	IG	To be completed in time to feed into Competitiveness Strategy

Appendix 2 – Draft Terms of Reference for Innovation and Growth Advisory Board

Below is the draft Terms of Reference for the Board, which is to be reviewed alongside the proposed strategy at an early meeting.

Composition

Chair of the Policy & Resources Committee (Chair)

Chair of the General Purposes Committee of Aldermen (Deputy Chairman)

Deputy Chairman of the Policy & Resources Committee

Deputy Chairman 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 and an ad-hoc basis, in agreement with the Policy & Resources Committee.*

The role of the Advisory Board is:

- 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*).

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Policy & Resources Committee	Dated: 18th February 2021
Subject: 2021/22 Pay Policy Statement	Public
Report of: Chrissie Morgan, Director of Human Resources	For Decision
Report author: Ian Simpson, Corporate HR, Town Clerk's Department	

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 for the succeeding financial year. This must be agreed each year by the full Court of Common Council, and is first recommended to the Establishment and Policy & Resources Committees before being forwarded to the full Court. The Chair & Deputy Chair of Establishment Committee agreed a revised version of this year's draft Statement under delegated authority following discussion at the Committee's meeting of 27 January.

Statements have been produced each financial year since 2012/13. They are generally written to incorporate the requirements of the relevant legislation and its Government Guidance, but updated as relevant City of London pay information or policies change.

The draft Statement has been reordered following discussions with the Deputy Chair of the Establishment Committee, such that it now divides its main sections into a "policy overview" and details of that policy's current implementation. It still, however, contains all the essential requirements that the legislation requires to be incorporated into the statutory Statement.

This report sets out the legislative requirements under which Pay Policy Statements are produced.

The draft 2021/22 Pay Policy Statement is attached as an Appendix. Because of the extensive reordering of its contents, a version with tracked changes is not attached, but significant new additions to the text are highlighted.

Recommendations

Members are asked to agree the Pay Policy Statement for 2021/22 and recommend it to the Court of Common Council for final approval.

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 is required to be put before the Establishment and Policy & Resources Committees before being put to the full Court of Common Council. 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, 27, 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 and recommends its forwarding to the Policy & Resources Committee and Court of Common Council for the further necessary approvals.

Appendices

Appendix 1: Draft Pay Policy Statement 2021/22

Appendix 2: Pay Policy Statement 2020/21

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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, has hitherto also been 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. This position, as

regards redundancies and similar dismissals, is changed fundamentally by the introduction of the Exit Payment Regulations in the autumn of 2020. These set a limit of £95,000 in “exit payments” to persons leaving employment in defined public authorities. Included in “exit payments” are “pension strain” costs, which include the costs to the employing authority of making early payment of pensions, other than in certain very limited circumstances. This will have a considerable impact across local authorities, and will necessitate change to the way the Local Government Pension Scheme Regulations operate. At present a Government consultation exercise is being undertaken on this and revised Regulations or other associated legislative changes that would have the same effect have yet to be finalised.

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
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.			
Teacher Grades	£29,490	£60,250	
Senior Teacher Grades	£64,640	£147,490	
Figures for Teacher Grades exclude any additional responsibility allowances payable. Figures for Senior Teacher Grades include all payments.			

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
<u>Total employees</u>	<u>30</u>	<u>122</u>

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 Freemen'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

Agenda Item 9

Committee(s): Policy and Resources Committee	Dated: 18 February 2021
Subject: Commonwealth Enterprise and Investment Council	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Corporate Plan outcomes 6b, 6d, 7b, 7c and 11d.
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£20,000pa
What is the source of Funding?	Policy and Initiatives Fund
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: The Remembrancer and Director of Innovation and Growth	For Decision
Report author: Nigel Lefton	

Summary

The Commonwealth Enterprise and Investment Council (CWEIC) is the Commonwealth's leading business promotion organisation. The City Corporation has worked with CWEIC since 2014. This has included a number of Commonwealth Business Forums, including in London in 2018, held at Guildhall, and the annual High Commissioners' banquet. Current plans include the Commonwealth Heads of Government Meeting Business Forum in Rwanda later this year and the Commonwealth Green Finance Initiative.

This report seeks approval for funding to continue the City Corporation's support for CWEIC for the next two years. The funding is in the form of 'Strategic Partner status' and the provision of office space in the Guildhall complex.

Recommendation(s)

Members are asked to approve funding of £20,000 per annum for two years to be met from your Committee's 2021/22 and 2022/23 Policy Initiatives Fund to support

- the renewal of the City Corporation's status as a strategic partner of CWEIC (£10,000), and
- the provision of desk space in the Guildhall complex (an assessed equivalent of £10,000).

Main Report

Background

1. The Commonwealth Enterprise and Investment Council is the Commonwealth's leading business network. With Strategic Partners from 27 countries and territories,

including businesses and governments, and an expanding presence in Commonwealth jurisdictions, CWEIC's objective is to facilitate trade and investment throughout the 54 member nations of the Commonwealth. Since its establishment, CWEIC has hosted the Commonwealth Business Forum in association with the host country of the Commonwealth Heads of Government Meeting (CHOGM) and the Commonwealth Chair-in-Office.

2. The City of London Corporation has supported the Commonwealth Enterprise and Investment Council since its founding in 2014. The City Corporation and CWEIC have developed a strong partnership, first collaborating on the Commonwealth Business Forum in 2018 held at Guildhall, providing speaking opportunities for Lord Mayors and the Policy Chair at events and webinars for business, diplomatic and political audiences, and most recently joining with the Royal Commonwealth Society and the Corporation to deliver the Commonwealth High Commissioners' Banquet that has been held annually at Guildhall since 2014. Both the Lord Mayor and the Policy Chair spoke at a CWEIC webinar in December 2020 on Banking and Professional Services, and the Lord Mayor participated in a CWEIC webinar in June 2020 on the Commonwealth and Covid.
3. CWEIC are currently working, in conjunction with FCDO and others, on plans for the Commonwealth Business Forum at the next CHOGM in Rwanda due to take place on 22-24 June. The proposed theme is 'a Reset for the Commonwealth'. The current plan is for Commonwealth business leaders, Heads of Government, Ministers and senior policy makers to gather in person in Kigali although the plans are subject to change in response to the Covid-19 pandemic and the Forum may be held virtually either in whole or in part. The City Corporation is working with CWEIC on the preparations for the Forum which will provide opportunities to further knowledge of the Corporation's green initiatives to Commonwealth audiences.
4. Sustainability more generally is also expected to be a key focus at CHOGM in the lead up to the United Nations Climate Change Conference (COP26) in Glasgow in November. CWEIC has promoted the Commonwealth Green Finance Initiative, launched by the Prince of Wales, exploring options for mobilising private finance to help fund sustainable infrastructure projects across the Commonwealth. Further progress on this initiative is expected in announcements later this year which will be relevant to the Corporation's green agenda.
5. There is also the potential for working with CWEIC to promote trade and investment opportunities as part of the business activities taking place in connection with the Commonwealth Games which are due to take place in Birmingham in summer 2022 and in which CWEIC anticipates being involved.
6. The Policy and Resources Committee at its meeting on 4 July 2019 agreed funding of £20,000 per annum for two years to support its status as a strategic partner of CWEIC and in respect of the provision of desk space at Guildhall. The City Corporation has provided space for CWEIC at Guildhall since 2015. This has not however been accessible over the last year owing to the Covid-19 pandemic public health restrictions.

Proposals

7. It is proposed that the City Corporation renews its strategic partnership with CWEIC at a cost of £10,000 pa on a two-year basis. It is also proposed that CWEIC's available desk space in the Guildhall complex be renewed and this accommodation be offered on a two-year basis with a contribution of £10,000 pa. It is intended, when the impact of the pandemic and associated public health restrictions has reduced, to review the City Corporation's relationship with CWEIC and the support it provides, so as to establish a more permanent basis for the City Corporation's collaboration with CWEIC.

Corporate & Strategic Implications

Strategic implications – in support of relevant Corporate Plan outcomes to promote a thriving economy and a sustainable future.

Resource/financial implications – the current uncommitted balance in the 2021/22 and 2022/23 Policy Initiatives Fund is £776,365 and £990,000 respectively prior to any allowances being made for any other proposals on today's agenda.

Legal implications - none

Risk implications - none

Equalities implications – none

Climate implications - none

Security implications - none

Conclusion

8. This paper recommends total funding of £20,000 pa for two years to be allocated from your Committee's Policy Initiatives Fund for 2021/22 and 2022/23, categorised under 'Promoting the City' and charged to City's Cash. A further review of the City Corporation's support for CWEIC will be undertaken during this period taking account of current activities and also the broader 'soft power' implications arising from the Government's forthcoming integrated review. Funds cannot be met from local budgets.

Appendices

None

Background Papers

Report on 'Renewal of Strategic Partnership with the Commonwealth Enterprise and Investment Council' to Policy & Resources Committee, 4 July 2019

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Committee(s): Policy & Resources Committee – For Information	Dated: 18/02/2021
Subject: City Corporation Member replacing an existing Member on the Impact Investing Institute Board	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	5,6
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N
Report of: Direct of Innovation and Growth	For Information
Report author: Simon Burns, Innovation and Growth	

Summary

This report details the need to appoint a new Board Member to the Impact Investing Institute (III). We are entitled to this as per the terms of our three-year Grant Agreement with the Institute.

Current Board Member Nicholas Bensted-Smith can no longer attend meetings, due to commitments elsewhere. A replacement is therefore needed to ensure the City Corporation can provide strategic direction to the Institute at Board level as we enter the final year of our Grant Agreement.

Recommendation

Members are asked to approve the appointment of Alderman Robert Hughes-Penney to the III Board. This to ensure the Institute’s work continues to be reviewed and supported from a Member with extensive financial services expertise.

Main Report

Background

1. The III was launched in November 2019. It has a brief to mobilise more investment made with the intention to generate positive, measurable social and environmental impact alongside a financial return. It has two additional core funders alongside the City Corporation. These are the Department for Digital, Media, Culture and Sport. And the Foreign, Commonwealth and Development Office.

Current Position

2. Since the Institute’s launch, Nicholas Bensted-Smith as served as the City Corporation’s designated Board Member. His presence has been crucial in

ensuring the strategic priorities of the City Corporation are effectively raised at III Board level.

3. The City Corporation's funding was given to III on the basis it would be used for three purposes. First, to mobilise big pools of capital, by focussing on increasing the impact of big pools of capital by leveraging its connections with institutional investors. Second, to make capital more accountable, by working on initiatives that improve the effectiveness and accountability of capital seeking to have a positive impact. Third, to empower people to save and invest in line with their values, by providing and disseminating information to help people invest with impact.
4. The Board has been the forum for discussing progress made against these three objectives. As Nicholas Bensted-Smith can no longer continue as a Board Member, a replacement must be appointed in his place.

Options

5. The Innovation and Growth Department has considered alternatives considering interest, availability and experience. Alderman Robert Hughes-Penney has expressed an interest in this position as well as holding the relevant skills and experience. Therefore it is recommended that he become III's new Board Member representing the City Corporation.

Proposals

6. Financial year 2021/22 is the last of our current Grant Agreement with III. Following a successful first year we look forward to working with the Institute, building on the solid foundations laid to deliver content capable of mobilising capital for positive social impact now.
7. Alderman Hughes-Penney has expertise in both investment management and impact investing. The former comes from his time working as Investment Director at Rathbone Investment Management. The latter is shown by his past work with the impact investing company, investing for good.

Key Data

8. A final grant report is due from III before the end of our current grant agreement expires, in April 2022. This will reflect on the performance of the Institute against our strategic objectives and agreed milestones.

Corporate & Strategic Implications

Strategic implications – None

Financial implications – None

Resource implications – None

Legal implications – None

Risk implications – None

Equalities implications – None

Climate implications – None

Security implications – None

Conclusion

9. The continuing provision of informed, critical feedback on III's work and strategy at Board level from the City Corporation is essential. The Committee's approval of Alderman Hughes-Penney's appointment to the Institute Board is therefore sought.

Appendices

None

Simon Burns

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Committee(s)	Dated:
Policy and Resources Culture, Heritage and Libraries	18 February 2021 29 March 2021
Subject: Culture and Diversity Working Group(s) – approval of ToRs and phase 1 funding request	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	3, 7 and 10
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£17,000
What is the source of Funding?	Policy Initiatives Fund
Has this Funding Source been agreed with the Chamberlain’s Department?	Yes
Report of: Peter Lisley, Director of Major Projects	For Decision
Report author: Nick Bodger, Cultural and Visitor Development Director	

Summary

This report responds to the recommendations of the Tackling Racism Working Party under its culture workstream, approved by your Policy and Resources Committee in January 2021.

Specifically, the report seeks approval of proposed and detailed terms of reference for the City Arts Initiative (CAI) Culture and Diversity Working Group which was tasked with undertaking due process for the removal and re-siting of the Beckford and Cass statues from Guildhall (appendix 1) as well as a series of other duties across research, content development and audits of the City’s public realm to identify and address issues pertaining to the representation, celebration and/or commemoration of the Transatlantic Slave Trade and diversity more widely.

The report also requests enabling funds of £17,000 to support the Working Group through the first phase of its work, with monies sought to cover essential research, communications for the requisite public (to inform and support an application for Listed Building Consent) and representation on the Working Group of curators and programmers working in the fields of Black, Asian and Minority Ethnic arts and culture and/or equalities experts.

Recommendation(s)

Policy and Resources Committee Members are asked to:

- Approve funds of £17,000 to support the first phase of work pertaining to the tasks highlighted in item 1, to be taken from your Policy Initiatives Fund (PIF) in the 2021/22 financial year categorised as “Research” and charged to City’s Cash.

Policy and Resources Committee Members and Culture, Heritage and Libraries Committee Members are asked to:

- Approve the Terms of Reference for the Cultural Diversity Working Group(s) at appendix 1.
- Note that the temporary concealment of the Beckford and Cass statues may not be realisable until August 2021 but that the Guildhall will likely only offer restricted access to the public before that time, if at all.
- Note that, subject to the terms of reference and funding request being agreed at the Policy and Resources Committee meeting and work being started immediately on the consultation process required, it is likely that Listed Building Consent permitting the removal of statues will not be considered until August 2021 at the earliest.
- Consider whether a temporary concealment solution for the Guildhall statues is required from summer 2021, or whether the statues should be left exposed until permanent concealment, interpretation or re-siting is realised, noting to not install an interim solution will save significant cost and officer time.

Main Report

Background

1. At your Policy and Resources Committee on 21 January 2021, the recommendations of your Tackling Racism Taskforce (TRT) were presented and approved. Under the culture strand of the TRT's proposals, appearing at item 86 (p99) in the report, the following actions were endorsed:
 - a. Approval be granted for the statue of William Beckford in the Great Hall to be removed;
 - b. The statue of Sir John Cass in the Guildhall be given back to the Sir John Cass Foundation;
 - c. A working group, which would be led by City Arts Initiative members, and which would report to the Policy & Resources and Culture, Heritage & Libraries Committees, be established to manage the transferal of these items with a recommended way forward by the end of April 2021. In the interim, the two statues be covered in some way (temporarily) with an explanatory note as to why, whilst the working group consider the way forward;
 - d. After removal of the Beckford statue, consideration would be given to an appropriate and relevant artwork to replace it;
 - e. Beyond April, the aforementioned working group to scope future public realm commissions which would mark the abolition of slavery and recognise the contribution of slavery toward the growth and expansion of the City of London;
 - f. Following this work, the working group to consider a process to audit and consider future commissions of street names and other cultural items that are associated with historic acts of racism such as the Transatlantic Slave Trade; and

- g. Research be commissioned by the working group to understand and learn of notable historic Black, Asian or Minority Ethnic individuals who could be celebrated as making a positive contribution to the City.

Current Position

2. In response to item 1c above, a Culture and Diversity Working Group has been assembled and detailed terms of reference (ToRs) drawn up to reflect the approved recommendations listed above. These ToRs act as a “job description” for the group and appear in appendix 1.
3. The work specified falls into two distinct areas across overlapping timeframes:
 - a. Logistics and research
 - b. Content and strategy
4. It has therefore been proposed that two concurrent and overlapping working groups be established to enable manageable meetings and effective use of officer time, and to drive focus. The logistics group will comprise relevant officers only and the strategy group a mixture of officers, Members and external consultants and experts.
5. The groups, it is proposed, shall be known as the Culture and Diversity Logistics and Research Working Group (LRWG) and the Culture and Diversity Content and Strategy Working Group (CSWG).
6. The inaugural meeting of the LRWG took place on 3 February 2021. At that meeting, the ToRs were agreed and a series of key tasks identified that would enable the process for the removal of the Guildhall statues to begin along with an estimation of the funds needed to support this work. These funds total £17,000 and are detailed in the proposals section below.
7. It should be noted that this funding request is the first in a series and supports work only up to an application for Listed Building Consent being made (noting that permission to proceed will be sought from your Committee(s) ahead of an application being submitted). The temporary and/or permanent concealment or removal and re-siting of the statues along with the other key tasks listed in item 1 will need to be costed separately as the viability and scope of the wider project is identified.
8. For information, it is anticipated that funding will need to be sought incrementally for a further two phases:
 - a. Phase 1: consultation and research costs (presented to your Committee as part of this report)
 - b. Phase 2: temporary concealment costs (April 2021)
 - c. Phase 3: removal and re-siting, interpretation or permanent concealment costs and costs related to other tasks identified in item 1 (September 2021)
9. At the 3 February meeting of the LRWG, the following issues and parameters for phase 1 were identified:
 - a. Listed Building Consent (LBC) is likely not required for temporary concealment of the statues if the mechanism is freestanding and not attached to the fabric of the building or the statues to be covered. Risk

assessments and method statements will however be required to ensure the structure is stable and safe and that no work would be carried out which would affect its character, or that of the Guildhall, as a building of special architectural or historic interest, listed Grade I.

- b. Temporary concealment of the statues may not be realisable until August 2021, given the need to research, cost, commission and install a solution fitting to the Guildhall's function as a business and ceremonial events venue as well as the complexity of covering Beckford, noting its size (5.5m high by 3.3m wide) and position in front of a stained glass window and air ventilation unit.
- c. "Throwing a cloth over the statues" would not be appropriate given the above and would, in any case, pose a potential risk of damage to the statues.
- d. The Guildhall Complex is closed to the public under current lockdown restrictions and a building repairs and maintenance programme is scheduled for the spring and summer of 2021 further prohibiting public access. In addition, even if the works programme does not take place, higher tier restrictions will likely limit use of the Guildhall as a public events venue until summer at the earliest. Immediate concealment is therefore not urgent.
- e. The best solution for temporary concealment is likely to engage a stage/film set designer, noting the skills of those working in this field to deliver a freestanding solution that will conceal the statues in a way that both disguises the concealment itself and responds to the character and appearance of the Guildhall, so providing a fitting solution in relation to the function of Guildhall. It is also recognised that those working in this profession have been hard hit by the pandemic and that this engagement may provide – in a small way – an opportunity to support freelancers working in the sector.
- f. Any temporary or permanent concealment solution for the statues will need to consider the space required for functions/events at Guildhall and not impede capacity noting that, if it did, this may have a negative impact on hire revenues..
- g. While subject to the ToRs and funding request being agreed and work being started immediately on the consultation process required ahead of seeking LBC, it is unlikely that consent would be granted until August 2021.
- h. Thereafter, and subject to the outcome of the LBC application, a permanent solution for concealment, removal and re-siting or interpretation will need to be identified and costed, and funds sought. Such a process suggests that whatever outcome is agreed may not be realised until end 2021 to early 2022.
- i. Initial soundings with London and national museums show that there is no appetite to display and explain the Guildhall (or any other) statues should they be removed. This is – in part – because it is anticipated that many more statues may require the same over time and setting a

precedent now may see museums inundated. An offer of storage has, however, been received.

Proposals

10. In order to begin the process of the requisite consultation ahead of seeking Listed Building Consent; to enable progress against the need to define and install a temporary concealment solution; and to inform other workstreams highlighted in item 1, the following tasks will need to be funded:

Research estimated at a total cost of £11,000:

11. An independent researcher should be appointed to write up the history of Beckford and Cass in relation to the Transatlantic Slave Trade with balanced arguments for and against their continued representation within Guildhall to inform the consultation process (£2,000).
12. Independent researchers should be appointed to research the artistic merits of the statues, exploring their relationship in the Guildhall context (notably in relation to other statues), as well as identify their historic significance, planning history and relevant conservation principles to inform the consultation process. Applications for Listed Building Consent are required to be supported by these details and a Heritage Statement (£3,000).
13. Independent research should be commissioned to identify the people, sites and events from the City's past that have positive associations with the abolition of slavery, the advancement of inclusion, or which provide role models for the City's Black, Asian and Minority Ethnic communities. This will deliver a data bank of potential subjects for celebration on any concealment mechanism or as replacement solutions and inform content for rebalancing representation within the public realm (£6,000)
14. Audits of the City's street names, building names, and monuments and statues identifying negative and positive references to the Transatlantic Slave Trade, racism and diversity, should be undertaken to inform other tasks within the remit of the Working Group as specified under item 1. This work is currently underway and is being progressed by City Information Centre staff during lockdown, working with colleagues in the Department of the Built Environment (no cost).

Consultation estimated at a total cost of £3,000:

15. A small budget should be provided to enable promotion of the requisite public consultation (to inform and support an application for Listed Building Consent) and so ensure all appropriate parties have the opportunity to comment (£3,000).

Content development estimated at £3,000:

16. Expert curators attending the Content and Strategy Working Group (CSWG) who will help guide proposals for curated content within solutions should be paid a fee, noting that the cultural and creative sectors have been hard hit by the pandemic and that it is best practice to pay for freelancers' time (£3,000).
17. It is therefore proposed that your Policy & Resources Committee approve a total sum of £17,000 to cover the itemised costs above, to be taken from your

Policy Initiatives Fund (PIF) in the 2021/22 year categorised as “Research”. Any unused funds will be returned to the PIF by August 2021.

18. It is all proposed that Members consider and approve the attached terms of reference for the Working Group(s) noting these are detailed so as to provide a clear roadmap of the scope of tasks required for serving members. All names have been removed from the membership lists within this document to enable this report to be heard in the public session of your meeting(s) today.

Options

19. All itemised costs are required if progress is to be made against the task list in item 1. There are therefore no options on cost.
20. Members may wish to consider whether a temporary concealment solution for the Guildhall statues is required from August 2021, or whether the statues should be left exposed until permanent concealment or re-siting is achieved, subject to Listing Building Consent being decided. To not install an interim solution will save significant cost and officer time.

Corporate & Strategic Implications

- **Strategic implications:** the recommendations outlined in this report align with the following outcomes of the Corporate Plan:
 - 3. People have equal opportunities to enrich their lives and reach their full potential.
 - 7. We are a global hub for innovation in finance and professional services, commerce and culture.
 - 10. We inspire enterprise, excellence, creativity and collaboration
- **Financial implications:** it should be noted that, if Listed Building Consent is granted, it is envisaged that the removal of statues and commissioning of replacement artwork will be costly. Costed proposals for all elements of the process will be presented to your Committee(s) as these are scoped and the viability of initiatives has been tested.

It is proposed that the required funding of £17,000 is to be drawn from the Committee’s 2021/22 Policy Initiative Fund categorised as “Research” and charged to City’s Cash. The current uncommitted balance in the 2021/22 PIF is £776,365, prior to any allowances being made for any other proposals on today’s agenda

- **Resource implications:** all officers cited on the terms of reference in appendix 1, will be required to undertake an agreed set of tasks to progress the project, as described within the document.
- **Legal implications:** legislation regarding the proposed removal or removal of any historic unlisted statue, plaque, memorial or monument is to be changed by the Government. The Working Group is committed to following all relevant legal processes, and carry out consultations, seeking the advice and guidance of relevant bodies such as Historic England as appropriate.
- **Risk implications:** noting the sensitivities around this topic, representatives of the Director of Communications will play a pivotal role within the Working Group to ensure clear, open, positive and responsive communications.

- **Equalities implications:** the proposals within this report comply with our Public Sector Equality Duty 2010 and will help deliver a positive impact for all communities the City Corporation serves, noting the formal consultation processes undertaken as part of the Listed Building Consent process.
- **Climate implications:** none
- **Security implications:** none.

Conclusion

21. The removal of the Beckford and Cass statues from Guildhall is a complex and sensitive issue. The establishment of a Working Group comprising officers and other members with relevant expertise and tasked with a clear and agreed remit will help ensure the best outcome for the City Corporation and the communities it serves, enabling due process across legal, planning, heritage, content and consultation principles.
22. A modest request for funds to enable this process to begin is requested in this report noting that – should Listed Building Consent be granted and the statues be removed and re-sited or permanently concealed – further requests will be received by your Policy and Resources Committee and that it is anticipated that these will be costly.
23. A second report will likely be presented to your Committees in April, updating on progress, requesting funding and seeking approval for the design and installation of a temporary concealment solution.
24. The Working Group has no decision-making powers and will recommend ways forward to your Committees as the work progresses. This will ensure Members are regularly updated and that the project is aligned with their views and ideas.

Appendices

- Appendix 1: Culture and Diversity Working Group – Terms of Reference

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Culture and Diversity Working Group

A task and finish sub-group of the City Arts Initiative

Terms of Reference 2021/22

Introduction and summary

At the City Corporation's Policy and Resources Committee on 21 January 2021, the recommendations of the Tackling Racism Taskforce were presented and approved. Under the culture strand of the TRT's proposals, appearing at item 86 (p99) in the [report](#), the following actions were endorsed:

Item 86:

- a. Approval be granted for the statue of William Beckford in the Great Hall to be removed;
- b. The statue of Sir John Cass in the Guildhall be given back to the Sir John Cass Foundation;
- c. A working group, which would be led by City Arts Initiative members, and which would report to the Policy & Resources and Culture, Heritage & Libraries Committees, be established to manage the transferal of these items with a recommended way forward by the end of April 2021. In the interim, the two statues be covered in some way (temporarily) with an explanatory note as to why, whilst the working group consider the way forward;
- d. After removal of the Beckford statue, consideration would be given to an appropriate and relevant artwork to replace it;
- e. Beyond April, the aforementioned working group to scope future public realm commissions which would mark the abolition of slavery and recognise the contribution of slavery toward the growth and expansion of the City of London;
- f. Following this work, the working group to consider a process to audit and consider future commissions of street names and other cultural items that are associated with historic acts of racism such as the Transatlantic Slave Trade; and
- g. Research be commissioned by the working group to understand and learn of notable historic Black, Asian or Minority Ethnic individuals who could be celebrated as making a positive contribution to the City.

This working group is established under instruction of the Policy & Resources Committee as per item 86.c above (highlighted) with its terms of reference drawn from all of the approved recommendations listed above.

Structure

1. The work specified falls into two distinct areas across overlapping timeframes:
 - 1.1. Logistics and research
 - 1.2. Content and strategy
2. It is therefore proposed that two concurrent and overlapping groups be established to enable manageable meetings and effective use of officer time, and to drive focus. The logistics group will comprise relevant officers only and the strategy group a mixture of officers, Members and external consultants.

3. The groups shall be known as the Culture and Diversity **Logistics and Research Working Group (LRWG)** and the Culture and Diversity **Content and Strategy Working Group (CSWG)**.
4. While membership and responsibilities differ between the groups (these are shown for the LRWG on pp4-6 and for the CSWG on pp7-11), the following terms of reference are shared:

Governance

5. The LRWG and CSWG are established in response to and by agreement of P&R and its approval of the Tackling Racism Taskforce (TRT) recommendations.
6. They shall report to the Policy & Resources Committee (P&R) on, at least, a quarterly basis and to the Culture, Heritage and Libraries Committee (CHL) through its City Arts Initiative as required in a combined report across both workstreams; ratification of the groups' recommendations is required by either Committee (as well as any appropriate service committee) noting CHL Committee meets less regularly. All funding requests will require approval by P&R.
7. The LRWG and CSWG have no authority to make decisions nor deliver programmes without committee endorsement.

Duration and Timings

8. LRWG and CSWG meetings will take place on a monthly basis. For the LRWG the inaugural meeting is scheduled for 3 February 2021, for the CSWG, the first meeting will be later in February.
9. To ensure the programme moves at pace, members of each group may convene separately between meetings depending on operational requirements.
10. The LRWG's progress and recommendations will first be reported to P&R at their February 2021 meeting; this will include a proposed plan for the execution of the tasks cited under the LRWG's specific responsibilities (pp5-6). With the CSWG, progress and recommendations will next be reported to P&R in April 2021 and then in July.
11. The LRWG and CSWG will oversee a six-month programme of work, however the programme may be extended depending on demand and progress against actions.
12. Meetings will usually last 1.5hrs
13. Meetings will take place at Guildhall or online via Microsoft Teams subject to Covid-19 restrictions and workplace policies

Documentation

14. Dates for the first six of meetings will be finalised and agreed at the inaugural meeting of each group.
15. Minutes will be circulated within one month of the meeting.

16. Agendas will be sent at least three days prior to meetings.

Delegation

17. If unable to attend, officers and external members of the groups should nominate an appropriate deputy to attend in their stead. Representatives should be able to speak on behalf of the relevant group member and offer recommendations on their behalf. Should any officer be unable to arrange a suitable deputy, then they should inform the Chair before the meeting.

Review of these Terms of Reference

18. To be reviewed in July 2021 or as appropriate.

Terms of Reference 2021/22

Membership

19. Membership of the Culture and Diversity Logistics and Research Working Group (LRWG) is dynamic and may change over the course of the programme to reflect the expertise required, noting this is a task and finish group with a specific and timebound remit dictated by the terms of reference within this document.
20. The LRWG shall comprise relevant City Corporation officers only. Other officers and external guests may be invited to meetings to discuss areas of specific responsibility and/or to offer expertise as appropriate.
21. LRWG members should send an appropriate and fully briefed deputy to meetings if they, themselves, are not able to attend.
22. It is anticipated that individual LRWG members may be required to undertake specific and agreed tasks between meetings, reporting progress into the monthly meetings as appropriate.
23. Membership is proposed as follows:

Department	Name	Position	Context / notes
Built Environment		Policy and Performance Director	Planning context / street names
Town Clerk's – Cultural Services		Cultural and Visitor Development Director	CHAIR; Chair of City Arts Initiative
Town Clerk's - Comms		Media Officer	Relevant media handling
Remembrancer		Assistant Remembrancer	Guildhall business hire / hospitality
Built Environment		Assistant Director, Highways	On-street logistics
Town Clerk's – Guildhall Art Gallery		Senior Curator and Gallery Manager	Logistics for Guildhall art and sculpture
City Surveyor's		Senior Heritage Estate Officer	Responsible for built fabric of Guildhall
Built Environment		Senior Planning Officer	Heritage and planning context; Historic England relationship manager
Town Clerk's – Cultural Services		Cultural Strategy Coordinator	SECRETARIAT; clerks City Arts Initiative
Town Clerk's - Comms		Corporate Affairs Officer	Public relations function / Gov't policy context
Built Environment		Assistant Director, Historic Environment	Heritage and planning context
Town Clerk's – London Metropolitan Archives		Head of Public Services	Research function

24. Guest advisors and consultants to the LRWG may include but are not limited to:

Department / organisation	Name	Position	Context / notes
City Corporation; Comptroller's		Assistant City Solicitor	Legal context
City Corporation; Town Clerk's		Head of Chairs' Support Services	Committee / report context
Historic England		London Region Team Leader	Listed building consent context
Sir John Cass's Foundation		Clerk and Chief Executive	Ownership/return of Cass Statue
City Corporation: Built Environment		Monitoring and Information Team Leader	Street names context
City Corporation; Town Clerk's – Cultural Services		Senior Adviser at City Information Centre	Lead on street name, monument and building name audits
City Corporation; Town Clerk's – Cultural Services		Head of Guildhall Galleries	Guildhall art and sculpture responsibility
City Corporation; Open Spaces		Superintendent	City gardens context
Museum of London		Director of Content	Education/interpretation context

Responsibilities of the Logistics and Research Working Group (LRWG)

25. To implement the specific recommendations of the Tackling Racism Taskforce (TRT) as ratified by P&R on 21 January 2021. Namely:

- 25.1. To interrogate the processes required to remove the Beckford and Cass statues from Guildhall, developing a timebound action plan to enable earliest possible deinstallation; and to ensure all recommendations are within legal and Governmental boundaries prior to submission to Committee.
- 25.2. To present findings and the proposed plan by April 2021 which should include an assessment of the viability of the removal of each statue to CHL and P&R for approval; and to itemise all relevant costs as part of this, seeking funding from P&R as required or appropriate.
- 25.3. To consult with all relevant and interested bodies as part of the above; to include Historic England and the statutory amenity societies (Society for the Protection of Ancient Buildings, Ancient Monuments Society, Council for British Archaeology, The Georgian Group, The Victorian Society and Twentieth Century Society); to undertake this prior to making an application for Listed Building Consent and inform that process, noting that on receipt of a Listed Building Consent application, the City Corporation will consult with Historic England and the national amenity societies as part of the statutory Listed Building Consent process.

- 25.4. To log any objections received during consultation and to apply for and secure Listed Building and Planning Consent as required, noting that, as this would be the Local Authority's own application, the application would be referred to the Secretary of State (Local Government) if objections are received, and that, if no objections are received, the City Corporation may determine the application.
- 25.5. To liaise with the Sir John Cass Foundation to negotiate the return of the Cass statue, advocating and enabling educational interpretation.
- 25.6. To devise and cost a solution fitting to the function and heritage status of Guildhall for concealing both statues from public view on a temporary basis until their removal can be realised or, if consent to remove is not granted, until a permanent solution is identified; to present costs and designs to CHL and P&R for approval, seeking funding from P&R as required or appropriate; and to commission and manage installation of any approved design.
- 25.7. To itemise all costs related to the statues' removal including deinstall, building repairs, transport and storage (as appropriate), seeking funding from P&R as required or appropriate; to manage removal of statues.
- 25.8. To record by means that may be circulated internally, the deinstall of statues and installation of approved solutions (eg screening) so that this may be shared with relevant internal parties and provide a documented archive of this work.
- 25.9. To manage installation of the approved permanent scheme to replace or conceal the statues.
- 25.10. To audit street and building names, blue plaques, and statues and monuments within the City's public realm, identifying those that relate to racism, the Transatlantic Slave Trade and/or other diversity concerns; and to report findings to CHL and P&R.
- 25.11. To assess and establish relevant processes for the decommissioning of public art, and the renaming of streets and buildings, that may be deployed if any are contested, reporting to same Committees outlining the cost of processes.
- 25.12. To develop and cost a brief for research that will establish the names, subjects, sites and events from the City's past that may be celebrated in the context of the abolition of slavery or the City's historic diversity, including the lives of exceptional individuals from diverse ethnic backgrounds, and those who championed the rights and freedoms of protected characteristic groups; to cost this research and seek funding from P&R, commissioning and managing research if bid is successful.
- 25.13. To consider and recommend ways in which the processes involved in installing Blue Plaques in the City may be expedited and to cost a programme of rebalancing representation as instructed by the Strategy and Content Working Group, seeking funds from P&R in support of this as relevant.
- 25.14. To agree all media announcements with the Director of Communications, defining position statements ahead of public reporting to Committee.

25.15. To respond to the logistical demands of the Content and Strategy Working Group as appropriate, costing, securing funding for, researching and executing relevant tasks as required or appropriate.

Terms of Reference 2021/22

Membership

26. Membership of the Culture and Diversity Content and Strategy Working Group (CSWG) is dynamic and may change over the course of the programme to reflect the expertise required, noting this is a task and finish group with a specific and timebound remit dictated by the terms of reference within this document.
27. Only a core group of the CSWG members listed overleaf shall be convened for the first three months of the programme to ensure focus on the removal and replacement of the Guildhall statues and other immediate concerns.
28. The CSWG shall comprise relevant City Corporation officers, Members and external consultants. Other officers and external guests may be invited to meetings to discuss areas of specific responsibility and/or to offer expertise as appropriate.
29. The CSWG shall seek to attract diverse representation across protected characteristics to ensure inclusion and help inform recommendations. Noting this, the CSWG shall be chaired by the Cultural and Visitor Development Director at its inaugural meeting, when election of a chair and deputy more representative of these groups may take place.
30. In addition, the CSWG shall comprise members with expertise in visuals arts, equalities and inclusion, public realm and City Corporation policy and strategy.
31. The Head of Cultural and Visitor Strategies shall assume the role of Consultative Lead for the CSWG and, working with the Corporate Performance Team, convene three consultative sub-groups of external advisors across:
 - 31.1. City communities (with diverse representation across City business, resident and other community groups)
 - 31.2. Equalities experts from London and national organisations, with an emphasis on ethnic diversity
 - 31.3. City history experts
 - 31.4. The City's Livery Companies
32. These sub-groups shall be used by the CSWG to solicit, sound-out and test ideas and foster ownership of outcomes.
33. It is anticipated that individual CSWG members may be required to undertake specific and agreed tasks between meetings, reporting progress into the monthly meetings as appropriate.
34. Membership for the first three months of the programme is proposed as follows:

Department / organisation	Name	Position	Context / notes
External organisation		Curatorial or equalities expert	As per previous column
External organisation		Curatorial or equalities expert	As per previous column
External organisation		Curatorial or equalities expert	As per previous column
City Corporation		Member – Co-Chair of the TRT	TRT context
City Corporation; Innovation and Growth		Co-Chair, BAME Network / Strategic Relationships Manager	Staff BAME Network
City Corporation; Town Clerk's – Cultural Services		Cultural and Visitor Development Director	ACTING CHAIR; chair of City Arts Initiative; Recovery Taskforce context
City Corporation; Remembrancer		Assistant Remembrancer	Guildhall business hire / hospitality
Lacuna PR		Co-Director, Sculpture in the City	City Arts Initiative member; arts expertise
City Corporation		Member; Chair of the Culture, Heritage and Libraries Committee	City Arts Initiative and TRT member; Chair of Recognition of Women Group
City Corporation; HR		Diversity and Engagement Lead	Diversity context
City Corporation; Town Clerk's – Cultural Services		Cultural Strategy Coordinator	SECRETARIAT; clerks City Arts Initiative
City Corporation; Town Clerk's – Cultural Services		Head of Cultural and Visitor Strategies	CONSULTATIVE LEAD; strategic cultural context
City Corporation; Town Clerk's – Cultural Services		Head of Guildhall Galleries	Guildhall art and sculpture responsibility
Museum of London		Director of Content	Education / interpretation context
City Corporation – Chamberlain's		Co-Chair, BAME Network / Payroll Manager	Staff BAME Network

35. From summer 2021, as focus switches to wider content provision and embedding diversity in strategy, it is anticipated that some CSWG members may be swapped out and that the following be invited to join the group:

Department / organisation	Name	Position	Context / notes
City Corporation; Built Environment		Assistant Director, Planning and Policy	Local Plan context
Greater London Authority		Officer lead for Mayor's Commission: Diversity in the Public Realm	As per previous column
City Corporation; Built Environment		Assistant Director, Environmental Enhancement	City Arts Initiative Member, Co-Director of Sculpture in the City
City Corporation; Town Clerk's – Strategy and Performance		Head of Corporate Strategy & Performance	Corporate Plan, social mobility and other strategic contexts; Recovery Taskforce context
City Corporation; Built Environment		Group Manager (Major Projects and Programmes)	Culture Mile and Smithfield Artist in Residence context

36. Guest advisors and consultants to the CSWG may include but are not limited to:

Department / organisation	Name	Position	Context / notes
City Corporation; Town Clerk's		Head of Chairs' Support Services	Committee / report context
City Corporation; Town Clerk's - Comms		Media Officer	Relevant media handling
City Corporation; Built Environment		Assistant Director, Highways	On-street logistics
Historic England		London Region Team Leader	Heritage guidance
Sir John Cass's Foundation		Clerk and Chief Executive	Ownership/return of Cass Statue
City Surveyor's		Senior Heritage Estate Officer	Responsible for built fabric of Guildhall
Built Environment		Senior Planning Officer	Heritage and planning context; Historic England relationship manager
City Corporation; Town Clerk's - Comms		Corporate Affairs Officer	Public relations function / Gov't policy context
City Corporation; Open Spaces		Superintendent	City gardens context
City Corporation; Built Environment		Assistant Director, Historic Environment	DEPUTY CHAIR; heritage context

City Corporation; Town Clerk's – London Metropolitan Archives		Head of Public Services	Research function
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Responsibilities of the Content and Strategy Working Group (CSWG)

37. To implement specific recommendations of the Tackling Racism Taskforce (TRT) as ratified by the Policy and Resources Committee (P&R) on 21 January 2021. Namely:

- 37.1. To receive monthly updates from the LRWG and shape actions according to viability and based on research findings.
- 37.2. To consider, select and propose appropriate content across topics, sites, subjects or other to replace or reinterpret Beckford and Cass statues at Guildhall or to do same applying this to whatever permanent structure is proposed to conceal them.
- 37.3. To develop relevant brief agreeing this with CHL and P&R prior to selecting artists through an appropriate competitive procurement process, using this exercise to cost solutions; to recommend relevant scheme for approval by CHL and P&R and to seek funding from P&R to realise it.
- 37.4. To test recommended (and other) routes with the CSWG's consultative groups across publics, and equalities and history experts as well as the City Livery as hall users, and to include these findings within the Committee report.
- 37.5. To instruct the LRWG to manage the works programme for installation of the selected route.
- 37.6. To consider the reinterpretation of the Guildhall statues in an educational context identifying an appropriate host should Listed Building Consent be granted; and to seek approval for the divesting of the statues to the host institution from CHL and P&R and for authority to be delegated to the CRWG to make appropriate arrangements for transportation (or storage).
- 37.7. In discussion with the named consultative groups, to scope future public realm commissions which would mark the abolition of slavery and recognise the contribution of slavery toward the growth and expansion of the City of London using commissioned research (CRWG) to inform subject areas; and to cost options and report to CHL and P&R, seeking funding from P&R (or other routes) should the Committees choose to adopt one or more options.
- 37.8. To consider temporary interventions within the public realm that may be used to celebrate City diversity and/or address its past in this context, identifying funding streams for this work from within existing programmes and/or through partnership working; and to propose said schemes to CHL and P&R for comment.
- 37.9. To consider the audits of street and building names, and statues and monuments within the public realm, as undertaken by the CRWG and to propose costed actions to CHL and P&R that deliver alternative names/content for those that may be contested, using research undertaken

by the CRWG and sounding the consultative groups to understand appropriate alternatives.

- 37.10. To use the research undertaken by the CRWG and to work with the consultative groups to propose content for an expedited rebalancing of Blue Plaques in the City, noting costings for installation will be undertaken by the CRWG; and to propose a detailed programme including content details to CHL and P&R for approval.
- 37.11. To consider ways in which diversity may be better embedded within City Corporation policies and strategies governing its cultural programmes and public realm and propose options to CHL and P&R (as well as appropriate service Committees); and to follow up actions as dictated by the Committees.
- 37.12. To agree all media announcements with the Director of Communications, defining position statements ahead of public reporting to Committee.
- 37.13. To support and help deliver any other projects or actions identified by the Working Group, as agreed by P&R.

ENDS

Committee(s)	Dated:
Police Authority Board Streets & Walkways Sub Committee Policy & Resources Committee	17 February 2021 18 February 2021 18 February 2021
Subject: Anti-Terrorism Traffic Regulation Order	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Director of the Built Environment	For Information
Report author: Ian Hughes, Deputy Director (Highway Operations), Transportation & Public Realm	

Summary

The City’s permanent Anti-Terrorism Traffic Regulation Order (ATTRO) authorises the City Police to potentially control the movement of pedestrians and vehicles on City streets for counter terrorism purposes and was originally requested as part of a package of measures aimed at both improving the security of people in crowded places & preventing damage to buildings from a potential terrorist attack.

Members approved the ATTRO in 2016 on the basis that the City Corporation’s area was particularly vulnerable to terrorism due to its highly dense nature and the concentration of high profile, historic, prestigious and financial targets that can be found throughout the Square Mile.

Matters since would suggest this assessment has not changed, albeit the use of the ATTRO has been limited to a small number of high-profile special events. As a result, in February 2020 Members agreed to approve the retention of the ATTRO for a further three years before its continuing use would be reviewed and decided upon again in 2023.

Due to the large-scale cancellation of events in 2020 due to COVID-19, the ATTRO was not used at all in the last 12 months, but from a City Police perspective, retaining the permanent ATTRO remains important because it affords them the ability to react quickly, if the intelligence necessitates it, to protect the public.

Recommendation(s)

Members are recommended to receive this report.

Main Report

Background

1. In September and October 2016, the Planning & Transportation Committee (for decision), the Police Committee (for information) and the Policy & Resources Committee (for decision) discussed and agreed to the creation of an Anti-Terrorism Traffic Regulation Order (ATTRO) in the City Corporation area.
2. This was in response to a request from the Commissioner of the City Police in July 2015 to introduce such an order and followed a statutory public consultation.
3. The Commissioner's request was informed by advice received from his counter-terrorism security advisors, including the Centre for the Protection of National Infrastructure (CPNI). The advice related to the whole administrative area of the City and was in the context of the potential impact of terrorism due to the City's intensely crowded nature and its role as a high-profile world centre of economic activity.
4. The ATTRO is a counter terrorism measure pursuant to the provisions of the Civil Contingencies Act 2004, which allows traffic orders to be written by the Traffic Authority under s6, s22C and s22D of the Road Traffic Regulation Act 1984. These orders can only be made on the recommendation of the Commissioner of Police, and are for the purposes of:
 - a. Avoiding or reducing the likelihood of, or danger connected with, terrorism, or;
 - b. Preventing or reducing damage connected with terrorism.
5. On the basis of a security assessment or an intelligence threat, the ATTRO gives a City Police Inspector or above the discretion to restrict traffic and / or pedestrians to all or part of any street in the City. That discretion must be exercised in accordance with an agreed protocol so that any interference is proportionate and that such restrictions are in place for the minimum extent and time necessary.
6. The Commissioner requested the ATTRO be put in place on a permanent basis, but that its use be contingent on it only being used as a proportional counter terrorism response to the needs of an event, incident or item of intelligence. Transport for London also agreed to allow the City Corporation to include their streets within the Square Mile as part of the ATTRO area.
7. The permanent ATTRO allows the controls to be activated at any time, albeit in accordance with an agreed protocol that reflects the statutory requirements for making such an order. Nevertheless, its permanent nature enables speedier activation of security measures to meet operational requirements given the unpredictability of the current terrorist threat.

8. Members agreed to making the ATTRO on two key conditions, namely that an annual review be presented to Members, and as part of that review, there should be confirmation that the ATTRO had been used in a proportionate way.

Current Position

9. The protocol established for using the ATTRO allowed for two main types of scenario, namely for intelligence-based Police led urgent situations and for pre-planned special events. In terms of the former scenario, the permanent City ATTRO has yet to be used to implement controls as a result of advance intelligence.
10. In terms of special events, it was agreed that the ATTRO could be used to supplement the City Corporation and TfL's existing event planning process. This process would typically include a separate pre-advertised temporary traffic regulation order (TTRO) granted to the organiser to close roads just to facilitate the event. In such circumstances, the ATTRO could be used to authorise additional protective security measures, such as the control of pedestrian movements which would not typically form part of the standard event TTRO, and / or additional road closures that might be deemed appropriate nearer the event.
11. Since its introduction in 2016, the City Police Commissioner has only requested that the ATTRO be used on eight separate occasions, all in relation to a particular special event. Four of those requests involved the annual New Year's Eve celebrations as part of the Metropolitan Police-led operation across Central London. The other four were all in 2017 and related to:
 - a. The funeral of PC Keith Palmer at Southwark Cathedral
 - b. The IAAF Marathon
 - c. The Lord Mayor's Show & Fireworks
 - d. The Grenfell Tower Memorial Service at St Paul's Cathedral
12. Post-event feedback would suggest the additional powers contained in the ATTRO were used sparingly and there was no noticeable or negative impact on the general public. In accordance with the agreed protocol, none of the uses of the ATTRO exceeded 48 hours, which would otherwise have triggered a review by the Town Clerk & Commissioner.
13. Due to the large-scale cancellation of events in 2020 due to COVID-19, the ATTRO was not used at all in the last 12 months, but from a City Police perspective, retaining the permanent ATTRO remains important because it affords them the ability to react quickly, if the intelligence necessitates it, to protect the public and that a fair balance is being struck between the public interest and an individual's rights.
14. For these reasons, in February 2020 Members agreed to approve the retention of the ATTRO for a further three years before its continuing use would be reviewed and decided upon again in 2023.
15. Otherwise just to note that the operational protocol to oversee how the ATTRO is triggered and operated will be subject to a general refresh this year between the

City Corporation, City Police and TfL under 'Business as Usual' protocols to ensure it remains fit for purpose.

Corporate & Strategic Implications

16. Counter Terrorism is graded as a tier one threat against our country as per the National Strategic Policing Requirements set by the Home Office. Nationally and locally, there is an appropriately strong expectation that the threat of terrorism is met by an equally appropriate and proportionate response by the police and our partners.
17. The Government's Contest Strategy aims to reduce the risk to the UK and its interests overseas from terrorism, so people can go about their daily lives freely and with confidence. The City of London Police, part of the London counter terrorism region, supports the Contest Strategy through the four P's approach of Pursue, Prevent, Protect and Prepare. Protective Security as a theme, and therefore the ATTRO, fits firmly under Protect element of the Government's Contest Strategy.
18. The number one ambition of the City of London Police's Corporate Plan is 'to make the City of London the safest place in the world'. This includes having all the tools available to rapidly mitigate risk and to protect the public.
19. The City of London's historical, cultural and economic importance means it will always be an attractive target for those who are intent on causing high profile disruption. By continuing to protect the City of London from terrorism we will continue to protect the UK's interests as a whole. In terms of prevention, the City of London Police plan states 'we will continue to develop different ways to engage and work with partners in a coordinated way to deter, detect and disrupt terrorist activity'.
20. The City of London Local Plan 2015 aims to ensure that the City remains a safe place to live, work and visit. Core Strategic Policy CS3 makes specific provision for implementing measures to enhance the collective security of the City against terrorist threats, applying measures to broad areas, including the City as a whole. The Policy also encourages the development of area-based approaches to implementing security measures.
21. The risk of terrorist attack remains at the top of the current Corporate Strategic Risk Register because of the City's concentration of high profile, historic, prestigious and financial targets. In addition, the City's Corporate Plan 2018-2023 reiterates the key aims of ensuring people are safe & feel safe and that we protect the users of our buildings, streets & public spaces.
22. Otherwise, the legal implications on the use of the ATTRO remain unchanged from the original 2016 report and are repeated in Appendix 1 for reference.

Risk Implications

23. Although the risk of further terrorist attacks in the Square Mile cannot be eliminated, the potential availability of the ATTRO to the City Police forms part of the measures available to help mitigate that risk.

Legal Implications

24. See Appendix 1

Financial, Resource, Climate & Equalities Implications

25. None

Conclusion

26. Given the limited number of occasions on which the ATTRO has been used since 2016 and the limited impact on the general public's freedom of movement on each occasion, the evidence would suggest the ATTRO powers have been used proportionately and to the minimum extent necessary in accordance with both the statutory requirements and Members' wishes.

27. However, due to the exceptional environment of the Square Mile, the City of London remains particularly vulnerable to terrorist attack, and as a result, the City's permanent ATTRO is retained as an appropriate measure to enable the Commissioner of Police to more readily and better protect the City community.

Appendices

Appendix 1 - ATTRO Legal Considerations

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Appendix 1 - ATTRO Legal Considerations

1. Statutory power to make the ATTRO – Sections 6, 22C and 22D of the Road Traffic Regulation Act 1984 (as amended by the Civil Contingencies Act 2004) enables traffic orders to be put in place by the traffic authority for the purposes of avoiding or reducing the likelihood of danger connected with terrorism, or preventing or reducing damage connected with terrorism.
2. Statutory duties of traffic authority - As traffic and highway authority, the City Corporation has the duty to secure the expeditious, convenient and safe movement of traffic (having regard to the effect on amenities) (S122 Road Traffic Regulation Act 1984) and the duty to secure the efficient use of the road network avoiding congestion and disruption (S16 Traffic Management Act 2004). The Schedule to the ATTRO sets out requirements aimed at meeting these duties by ensuring that any restrictions will be the minimum necessary to remove or reduce the danger and are consistent with the statutory requirements for making such Orders. In implementing the ATTRO the traffic impacts of restricting or prohibiting traffic to roads within the City, including, potentially, pedestrian traffic, should be considered. In the event of a threat, the disruption to traffic flow would also have to be weighed against the threat of more severe disruption and greater risk being caused due to failure to prevent an incident.
3. Further controls - The Schedule to the draft ATTRO requires that in most cases at least seven days' notice of any restrictions must be given to persons likely to be affected (unless this is not possible due to urgency or where the giving of notice might itself undermine the reason for activating the ATTRO), and notice must also in any event be given to the City, TfL and other affected traffic authorities.
4. Human Rights and Proportionality - In considering the request for the ATTRO, there is a duty to act in accordance with the European Convention on Human Rights. In relation to possible restriction of access to property, any interference with Article 1 rights to enjoyment of property must be justified. Interference may be regarded as justified where it is lawful, pursues a legitimate purpose, is not discriminatory, and is necessary. It must also strike a fair balance between the public interest and private rights affected (i.e. be proportionate). It is considered that the public interest in being protected by the existence and operation of the ATTRO can outweigh interference with private rights which is likely to occur when restrictions are in operation. The scope of restrictions must be proportionate and should only last until the likelihood of danger or damage is removed or reduced sufficiently in the judgment of a senior police officer. The Schedule to the ATTRO sets out arrangements (further expanded in the Protocol) for ensuring that any interference is proportionate. Given the risks to life and property which could arise if an incident occurred, and the opportunity provided by the ATTRO to remove or reduce the threat of and/or impacts of incidents, it is considered that the ATTRO can be justified and any resulting interference legitimate.

Committee(s): Finance Committee – For decision Policy and Resources – For Information Court of Common Council – For decision	Date(s): 16 February 2021 18 February 2021 4 March 2021
Subject: City Fund 2021/22 Budget	Public
Report of: The Chamberlain	For Information
Report author: Caroline Al-Beyerty, Deputy Chamberlain	

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 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. But 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 needed, but Members have worked 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;
- 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
Net City Fund position, after contribution to Build Back Better Fund	32.9	4.1	(7.8)	(6.4)	(3.6)
Revenue Reserves					
General Reserves*	20	20	20	20	20
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 is significant ongoing COVID impact on Barbican, requiring £7m support for continuing lost income and on other sources of income. Modelling of 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 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 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 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 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).

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 Finance Committee's consideration of this City Fund report, it is recommended that the Court of Common Council is requested to:

- 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 approved savings flight path.
- Continue to monitor COVID income risk during 21/22 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% (paragraph 25).
- To otherwise consider whether to 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) - 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.
- 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 local authority fund. (paragraph 22)
- Approve the Capital Budgets for City Fund and the allocation of central funding from the appropriate reserves to meet the cost of the 2021/22 new bids– 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 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).

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 Finance Committee and Court of Common Council to approve. 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, 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:
 - **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.
 - The **Fair Funding Review** of local government funding is likely to shift resources away from London.
 - **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 MHCLG 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 flight path 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, 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 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 COVID impact, before the regime is changed.
14. Key risks from COVID impact to our income streams continue into 2021/22, especially for rental income for the investment property portfolio and 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 21/22.
15. Tough decisions have been needed 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 21/22 budget will enable us to push ahead on reshaping City Corporation, through the TOM, to be 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	20	20	20	20
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 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, which will need continuing support for lost income as it puts in place a sustainable medium-term plan (£7m included, but more likely to be needed if there is an extended lockdown-government support 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- pushing 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 medium term, assumes funding the Court's element of the Fleet Street project from City's Cash (for decision) to manage pressures across funds and create headroom should major refurbishment of operational property be required.

20. **Police** have committed to balancing the books in 21/22 and also to making 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, recommend funding the Court element of the Salisbury Square project to City's Cash to help manage pressures across funds, in particular to reduce potential property disposal requirement 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 Finance Committee in April to consider the financing options. The intention is for Investment Committee to advise 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 21/22 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 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 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 the Investment Committee intend to set up a Working Group consider and report back to Resource Allocation Sub Committee on how best to:

- Address changing requirements for potential draw-down and re-balancing of asset portfolios; and
- 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. 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 the City Fund per year, based on current cash balances. Interest income is monitored throughout the year and any potential change to the forecast will be reported through updates to the medium-term financial plan.

Expenditure

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. 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 business rates reset enables the Corporation to continue to benefit from growth in office space over the years which has generated surpluses within the City. This growth in business rates income over the past six years has provided headroom, continuing in 2021/22 to fund investment in one-off projects, such as: the Museum of London relocation project; the Salisbury Square project; to deal with the backlog of outstanding repair works for City Fund operational properties; and more recently to mitigate the losses caused by a COVID-19. However, the growth is vulnerable to bad debts and appeals; and especially 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
<i>Net Expenditure (Income)</i>			
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	2021/22
	Original £m	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, the City Corporation's 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 21/22 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 Corporation family to commit to delivering on 12% savings required to get us to a balanced 21/22 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 impact from COVID; and tough decisions have been needed. But, Members have worked together to mitigate 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 City Corporation, through the TOM, to be able to respond in a more agile and flexible way to the challenges ahead.

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

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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:

$$'B2' = 'B1' - \underline{A}$$

T

Where:

'B2' is the Basic Amount 'Two';

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

A is the Aggregate of all special items;

T is the Council Tax base for the whole area

The above calculation is as follows:

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

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

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:

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

Where:

'B3' is the Basic Amount 'Three'

'B2' is the Basic Amount 'Two'

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

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

City Area Excluding the Temples

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

$$\text{'B3'} = \text{£952.91}$$

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	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£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	2021/22	2022/23
	£M	£M	£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 2020UK BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES

FITCH RATINGS		BANK*	LIMIT PER GROUP	DURATION
A+	F1	Barclays Bank PLC (NRFB) Barclays Bank UK PLC (RFB)	£100M	Up to 3 years
A+	F1			
A+	F1	Goldman Sachs International Bank	£100M	Up to 3 years
AA	F1+	Handelsbanken PLC	£100m	Up to 3 years
AA-	F1+	HSBC (RFB) HSBC (NRFB)	£100M	Up to 3 years
AA-	F1+			
A+	F1	Lloyds Bank Corporate Markets PLC (NRFB) Lloyds Bank PLC (RFB) Bank of Scotland PLC (RFB)	£150M	Up to 3 years
A+	F1			
A+	F1			
A+	F1	NatWest Markets PLC (NRFB) National Westminster Bank PLC (RFB) Royal Bank of Scotland PLC (RFB)	£100M	Up to 3 years
A+	F1			
A+	F1			
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
		AUSTRALIA (AAA)		
A+	F1	Australia and New Zealand Banking Group Ltd	£100M	Up to 3 years
A+	F1	National Australia Bank Ltd	£100M	Up to 3 years
		CANADA (AA+)		
AA-	F1+	Bank of Montreal	£100M	Up to 3 years
AA	F1+	Royal Bank of Canada	£100M	Up to 3 years
AA-	F1+	Toronto-Dominion Bank	£100M	Up to 3 years
		GERMANY (AAA)		
A+	F1+	Landesbank Hessen-Thueringen Girozentrale	£100M	Up to 3 years
		NETHERLANDS (AAA)		
A+	F1	Cooperatieve Rabobank U.A.	£100M	Up to 3 years
		SINGAPORE (AAA)		
AA-	F1+	DBS Bank Ltd.	£100M	Up to 3 years
AA-	F1+	United Overseas Bank Ltd.	£100M	Up to 3 years
		SWEDEN (AAA)		
AA-	F1+	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/mmf	CCLA	Liquid
AAA/mmf	Federated Short-Term Sterling Prime Fund*	Liquid
AAA/mmf	Aberdeen Sterling Liquidity Fund	Liquid
AAA/mmf	Invesco	Liquid
AAA/mmf	Deutsche Liquidity Fund	Liquid

ULTRA SHORT DATED BOND FUNDS

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

*A combined limit of £100m applies to balances across the Money Market Fund and Ultra Short Dated Bond Fund both managed by Federated 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 AND £250M
OVERALL**

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
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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Committee(s)	Dated:
Finance Committee - For decision Policy and Resources - For information Court of Common Council – For decision	16 February 2021 18 February 2021 4 March 2021
Subject: 2021/22 City’s Cash Budgets and medium-term financial plan	Public
Report of: The Chamberlain	For Information
Report author: Sonia Virdee – Assistant Director, Strategic Finance	

Summary

This report covers the 2021/22 Budget and 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 Committee's agenda.

City’s Cash has been impacted 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 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 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; and a more in-depth review of grant giving, as well as containing the costs of major projects and other programmes.

Although, there are huge pressures arising from the impact of a global pandemic and significant expenditure through 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 accompanies this report and will be available on 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

Members are asked to:

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 Finance Committee in December and are consistent with approved savings flight path.
 - **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.
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 the 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.
7. Endorse this report for onward approval to the Court of Common Council.

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, for submission to the Court of Common Council in March.

2. During the autumn/winter cycle of meetings each Committee has received and approved a budget report which, except for Guildhall School of Music and Drama (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 Corporate Asset Sub Committee.
3. Accompanying this report is the Summary Budget Book 2021/22 which will be available on the *Members' Committees and Papers* section of the City Corporation's website. PDF copies 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 a global pandemic impacting on the economy and income;
 - 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 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, 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, the Resource Allocation Sub Committee approved the re-phasing of Fundamental Review savings due in 2021/22 into 2022/23 that have been put on hold either due to the impact of COVID or pending further work on the TOM. For City Cash this has meant £2.1m 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 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 globally 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 courts 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. 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 the 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 £4.2m; impact of COVID £9.6m (including COVID support and loss in rental income), increase on capital expenditure £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 each charity, as from 2021/22. The resulting savings for City's Cash will contribute to the 12% and efficiency savings. A report relating to this policy change is included within today's agenda.
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 being submitted to the Court of Common Council in March as part of the Summary Budget Book. They comprise forecasts of expenditure against budgets which have been approved to spend in accordance with the relevant governance arrangements e.g. corporate projects procedure, Capital Buildings Committee approvals etc. The latest forecasts of City's Cash 2021/22 capital and supplementary revenue project expenditure against approved budgets (included within the figures in the table above) amount to £33.3m (including 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. The City Corporation's Resource Allocation Sub-Committee has carried out a robust review of all service capital bids and agreed those bids to be prioritised.
30. Central funding of up to £17.7m for City's Cash meets the cost of the 2021/22 new bids together. 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, the increased funding requirement flowing from the adoption of a major projects programme, 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.

Appendices

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

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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
Net Expenditure (Income)			
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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Committees:	Dates:
Finance Committee – for decision	16 February 2021
Policy and Resources – for information	18 February 2021
Court of Common Council – for decision	04 March 2021
Subject: Bridge House Estates (BHE) (Reg. Charity No. 1035628) – Revenue Budget 2021/22 and Medium-Term Financial Plan	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly (insofar as they are considered to be in the best interests of BHE in taking these decisions)?	n/a
Does this proposal require extra revenue and/or capital spending?	Y
Report of: The Chamberlain	For Information
Report Author: Karen Atkinson, Head of Charity & Social Investment Finance	

Summary

This report covers 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 impacted 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 previously allocated be retained within this designated fund until such time as the charity is able to confirm if the original allocation of income reserves to charitable funding activities can be met. 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

Members are asked, acting for the City Corporation as charity trustee of Bridge House Estates and solely in the charity's best interests, to:

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)
7. Endorse this report for onward approval to the Court of Common Council

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 necessary¹. The starting point for this is stated as always being what is in the charity's best interests.

¹ Charity Commission Guidance "Manage financial difficulties in your charity caused by coronavirus"

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 Lisvane 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 20/21 (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 in 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:
 - a. Reductions in this rate of return have minimal impact on the annual deficit however result in lower gains and therefore less unrestricted income funds available to fund the activities of the charity.
 - b. 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.
 - c. 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, £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 submitted to the Court of Common Council in March as part of the Summary Budget Book. They comprise forecasts of expenditure against budgets which have been approved to spend in accordance with the relevant governance arrangements. 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.

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

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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Committee(s)	Dated:
Policy and Resources Committee	18 February 2021
Subject: Regulation of Investigatory Powers (RIPA) Act 2000 – update report	Public
Report of: Comptroller and City Solicitor	For Information
Report author: Michael Cogher, Comptroller and City Solicitor	

Summary

1. The Regulation of Investigatory Powers Act 2000 (RIPA) regulates surveillance carried out by public authorities in the conduct of their business, specifically the monitoring, recording and interception of communications; the requisition, provision and handling of communications data through Nation Anti-Fraud Network (NAFN); and the use of directed covert surveillance.
2. To ensure that the City Corporation remains compliant with the requirements set by the Investigatory Powers Office of Surveillance Commissioners (IPCO) and the relevant Codes of Practice, this report confirms that no requests under the Regulation of Investigatory Powers Act (RIPA) 2000 have been received since the last report to the Policy and Resources Committee in July 2019.
3. The IPCO recently wrote to all Local Authorities who use RIPA to highlight the importance of safeguarding data obtained using investigatory powers and recommended six ‘Data Assurance’ actions to be implemented. This work is currently underway.
4. The role of Senior Responsible Officer (SRO) sits with the Town Clerk who, following staff changes, has delegated responsibility to the Comptroller and City Solicitor. It is recognised good practice to report to members on the use of RIPA.

Recommendation:

Members are asked to:

- Note the report.

Main Report

Background

5. Since the last inspection, the City has not utilised any CHIS or directed surveillance authorisations, albeit two ‘NON-CORE function RIPA’ managed authorisations were granted as per the RIPA Policy and Procedure (RIPA P & P).

Inspections

6. The City of London Corporation has now been inspected twice, once in September 2015 and then in November 2018. The IPCO recently advised there will changes to the Inspection Framework according to the above-mentioned Data Assurance recommendations, details of which have now been highlighted to all Local Authorities. There will also be an annual inspection which will audit all Investigatory Powers (IPA) Act 2016 communication data requests, processed on behalf of its members. To date there is no date in place for the IPA Communications inspection.

Current Position since the last report to Committee in July 2019

7. *Authorisations*: No requests under the RIPA have been received apart from the two NON-CORE RIPA directed surveillance activities mentioned above. These were two operations where the applications fell outside of RIPA as they were *not* a core function of the authority. However, the applications were processed according to RIPA as our Policy states that we will follow the RIPA procedure for such applications, so we did so for these two cases.
8. *Changes to Authoring Officers' (AO)*: In November 2020 there were significant changes as follows to the list of Authorising Officers' registered to authorise RIPA applications that are submitted. The changes were as follows and relevant updates made to the RIPA P & P and the City's Intranet pages:
 - Jeremy Mullins, Audit Manager retired so withdrew his capacity as an AO.
 - Marion Afoakwa, Assistant Director of HR Corporate Change Management took up the position as an AO to back fill this position as above.
 - Richard Woolford, Strategic Security Director stood down as an AO at his request which was granted.
 - There are now 5 AO's (down from 6) on the register. It was felt that due to the very low number of RIPA Applications submitted we have a sufficient number of AOs (on the register) to cover the approval process for applications received.
9. *Training*: Due to the Authorising Officers' (AO) changes as above and following changes to the IPCO's Inspection Framework, a refresher training programme is being planned and will be rolled out in 2021.
10. Following changes to IPCO's Inspection Framework, Data Assurance Recommendations and changes to the list of registered AOs, amendments to the wording of the RIPA P & P were completed, a new, secure Microsoft Teams site was created, and necessary actions undertaken by all those involved in RIPA to support compliance.

Conclusion

11. The Corporation continues to be in a good place, especially following the work undertaken in relation to the IPCO Data Assurance Recommendations. We are well equipped to deal with any RIPA requests and authorisations in accordance with legislation and compliance.

Appendices:

- a. None

Michael Cogher

Comptroller and City Solicitor

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Committee(s) Establishment Committee Education Board Policy and Resources Committee	Dated: 27 January 2021 28 January 2021 18 February 2021
Subject: Joint Annual Report for Social Mobility and Digital Skills Strategies, Social Mobility Employer Index rating and strategic focus for 2020-21	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	3, 5, 8, 9
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: David Farnsworth, Chief Grants Officer & Director of City Bridge Trust Damian Nussbaum, Director of Innovation and Growth Andrew Carter, Director of Community & Children’s Services	For Information
Report authors: Kate Smith, Head of Corporate Strategy & Performance Chris Oldham, Corporate Strategy & Performance Officer	

Summary

This report presents three pieces of work in support of the Social Mobility and Digital Skills Strategies. These are:

- A combined Annual Report of the Social Mobility and Digital Skills Strategies for 2019-20;
- The City Corporation’s Social Mobility Employer Index rating and accompanying comments;
- A proposal for the strategic direction for 2021/22.

These three pieces of work reflect the progress of both strategies to date and the future strategic direction which will be reflected in the 2020-21 Action Plans for the Social Mobility and Digital Skills Strategies.

Recommendations

Members are asked to:

- i) Note the progress made in the delivery of both strategies in 2019-20;
- ii) Note the City Corporation’s rating on the Social Mobility Employer Index; and
- iii) Note the proposed future direction of the strategies.

Main Report

Background

1. The [Social Mobility Strategy 2018-28](#) and the [Digital Skills Strategy 2018-23](#) were both approved by Policy and Resources Committee in September 2018.

Current Position

2. Last year, separate annual reports were presented for [Social Mobility](#) and [Digital Skills](#), as is the case for all corporate strategies. However, it has been noted that this process contributes towards 'silo-working' and leads to duplication of work as many of the same issues are covered in multiple corporate strategies. It was identified that this was the case for the Social Mobility and Digital Skills Strategies so the Annual Report for 2019-20 has been combined to cover both strategies. If Members are content with this approach, further agglomeration of reports is proposed in future.

Proposals

2019-20 Annual Report for the Social Mobility and Digital Skills Strategies

3. The combined Annual Report for the Social Mobility and Digital Skills Strategies shares the key highlights, case studies, performance data and partnerships that are involved for each of the Social Mobility Strategy's four outcomes and the Digital Skills Strategy's three priorities. It recognises the achievements for the year September 2019 to September 2020, the learnings from the COVID-19 crisis and reaffirms the City Corporation's commitment to the Social Mobility Strategy 2018-28 and the Digital Skills Strategy 2018-2028. It can be found at **Appendix 1**.

Social Mobility Employer Index 2020 rating

4. The Social Mobility Employer Index is run annually by the Social Mobility Foundation. It was seed funded by the City of London Corporation in 2017. It is an important bench-marking initiative that ranks Britain's employers on the actions they are being taken to ensure that they are open to accessing and progressing talent from all backgrounds. It showcases employers' progress towards improving social mobility, a key aim of the Social Mobility and Digital Skills Strategies. The Index now includes 172 employers across 18 different sectors, collectively representing 1.5 million employees in the UK. The City Corporation has been rated in 50th place for social mobility, an improvement on its previous rating of 56th in the 2019 Index. The full report can be found at **Appendix 2**.
5. The City Corporation was praised for targeting its outreach work at schools with above average levels of Free School Meals/low levels of attainment. However, it was noted that we did not provide any data on whether or not we are tracking students from our outreach work when they go on to apply for recruitment programmes (e.g. internships) or permanent roles.

6. We are one of a small number of Index organisations to offer higher apprenticeships, rather than only level 2 and 3 apprenticeships.
7. An area for improvement is to enhance the recruitment section of our website with a clear overview of our whole recruitment process, with examples of effective applications and practice tests.
8. Although the City Corporation has minimum academic requirements for advertised roles, our requirements are lower than for many Index organisations. This is positive, as there is a lack of evidence to suggest that there is a connection between prior attainment and performance in role, and those from higher socio-economic backgrounds are more likely to have higher prior attainment. To progress, we could begin measuring the numbers of successful applicants who met but did not exceed the stated minimum grade requirements, to establish whether or not successful applicants are always exceeding them.
9. Our use of standardised interview questions was praised but it was noted that we are not currently monitoring our recruitment process to identify whether there are particular stages at which those from lower socio-economic backgrounds fall down.
10. The City Corporation currently values 'work experience within your sector' as part of our application process, and it was suggested that we may want to reconsider this as work experience is particularly difficult for students from lower socio-economic backgrounds to access, and is often predominantly available in London.
11. We do not currently publish our data on the socio-economic background of our workforce. Changing this would increase transparency and encourage a more open dialogue about social mobility.
12. The Social Mobility Foundation was happy that we are encouraging employees to share their stories of having come from a different background. They were also pleased to note that we have recruitment targets in place which are reviewed at senior level, and that we are encouraging our supply chains to take action on social mobility.
13. The Social Mobility Foundation's recommendations will be reviewed in due course at the Social Cross Corporation Working Group and the Corporate Equality and Inclusion Board, which share responsibility for implementing the Social Mobility Strategy. The Corporate Equality and Inclusion Action Plan is currently being updated to include future Social Mobility initiatives. Members will be kept updated on which recommendations will be implemented, with an aim to improve on the City Corporation's Social Mobility Employer Index rating in future years.

Proposed strategic direction for 2021

14. Building upon the lessons learned in 2020, in 2021 we will continue to raise digital inclusion as a key focus area, with regards to the continuing impacts of COVID-19 upon everyday life and the need for digital skills to access services and career options, all of which affect social inclusion and mobility.
15. We will use a joined up strategic approach to drive social mobility through all of our work, collaborating across our other strategic workstreams such as City recovery, philanthropy, health and wellbeing, and climate action. Part of this collaboration will involve building social mobility considerations into our corporate strategies, alongside Equality Impact Assessments as standard practice to support stakeholders with protected characteristics. We will strengthen links with neighbouring London boroughs to enhance our strategic impact on targeting health inequalities, particularly with the London Borough of Hackney in our work on the Joint Health and Wellbeing Strategy. This joined up approach will recognise the interconnectivity of social and digital exclusion with education, financial and cultural poverty. Through this extended collaborative approach, we will ensure we keep digital inclusion in mind when reviewing the many services and cultural offerings which have changed so drastically during 2020.
16. Within our own workforce, we will pursue the recommendations of the Social Mobility Commission and The Bridge Group, based upon their recent research into socio-economic diversity, regarding how best to highlight and remove barriers to social mobility and use the opportunity provided by the new operating model to identify and develop the digital skillset the City Corporation needs.

Options

N/A

Key Data

See Appendix 1 for KPIs.

Corporate & Strategic Implications

17. Strategic implications - These workstreams will deliver on the Social Mobility and Digital Skills Strategies, as well as elements of the Responsible Business Strategy. The proposed strategic direction will deliver on the following Corporate Plan outcomes: 3: People have equal opportunities to enrich their lives and reach their full potential; 5: Businesses are trusted and socially and environmentally responsible; 8: We have access to the skills and talent we need; 9: We are digitally and physically well-connected and responsive.
18. Financial implications – There are no financial implications relating to the proposals set out in this report.
19. Resource implications - Combining the officer level governance and reporting for the Social Mobility and Digital Skills strategies has reduced the resource requirement. This has meant that the joint report could be delivered despite reduced resources in the Corporate Strategy and Performance Team due to Covid-related secondments and savings requirements.

20. Legal implications - There are no legal implications relating to the proposals set out in this report.
21. Risk implications - There are no risk implications relating to the proposals set out in this report.
22. Equalities implications - The Social Mobility Strategy includes strategic aims to overcome barriers for people with protected characteristics and socioeconomic disadvantage, and will promote equality of opportunity.
23. Climate implications - The strategic focus on green jobs and investment reflects the commitments and aims of the Climate Action Strategy.
24. Security implications - There are no security implications relating to the proposals set out in this report.

Conclusion

25. This report presents three key pieces of work in support of the Social Mobility and Digital Skills Strategies. The Joint Annual Report and the Social Mobility Employer Index rating reflects the achievements and progress made in 2019-20 towards the delivery of the Social Mobility and Digital Skills Strategies, and the proposed future direction indicates the priorities for 2020-21.

Appendices

Appendix 1: 2019-20 Annual Report for the Social Mobility and Digital Skills Strategies

Appendix 2: Social Mobility Employer Index 2020 rating and feedback report

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Social Mobility and Digital Skills Strategies Annual Report 2019-20



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Foreword

We are delighted to present this combined 2019-20 annual report on our Social Mobility Strategy 2018-28 and Digital Skills Strategy 2018-23.

2019 may now seem a long time ago, but it is fitting to highlight some of the outstanding work done to progress the Social Mobility and Digital Skills Strategies by our staff and partners prior to the outbreak of COVID-19, and to thank them for their continued commitment. COVID-19 has caused severe disruption to UK businesses and public services, including for our residents, students and workers in the Square Mile. Sadly, the pandemic has been a major set back for social mobility and increased the digital divide. Enabling fairer access to skills and employment has never been more urgent and critical.

The economic impacts of COVID-19 have also had a significant negative effect on the ways in which we, with our partners, work to promote social mobility and digital skills, such as closures and the shift to virtual provision at schools, the Barbican Centre, the Museum of London, and our other cultural institutions.

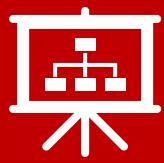
We have had to become more resilient and adaptable when delivering our strategic activities, making use of online tools instead of face-to-face interactions. This new approach has presented both challenges and opportunities in terms of delivering both strategies, and has raised digital inclusion as a key focus area. These challenges have been an opportunity to broaden our reach into all aspects of social and digital inclusion, taking into consideration mental and physical wellbeing and seeking to overcome inequality for people with protected characteristics. We have done this by targeting those audiences who are most at risk, such as young care leavers and older people without digital skills, and expanding our collaboration with external partners in government and industry to overcome resource constraints.

To maximise our impact, we have started combining our efforts across these two strategies and linking them more closely with our other work to contribute to a flourishing society. Digital skills can act as an enabler and present an opportunity to overcome some of the challenges of social mobility. Having the right digital skills is particularly important as those without the necessary digital skills are more likely to find themselves without a job, or with fewer job prospects. By harnessing the interaction between digital skills and social mobility we can enable a workforce that is prepared for the future market and support greater economic inclusivity. The main benefits to moving towards this new approach are that this will preserve and redirect resources to the COVID-19 recovery effort, promote more streamlined ways of working and will encourage strategic synergy with [our Corporate Plan](#).

Alderman Sir Peter Estlin
Lord Mayor of London 2018-2019

Catherine McGuinness
Chair of the Policy and Resources Committee

John Barradell
Town Clerk and Chief Executive



Annual Report 2019-20

Executive Summary

What do we mean by Social Mobility and Digital Skills?

Social mobility is the ability and opportunity for individuals, families or groups to progress within a society to reach their full potential – in terms of income, education, employment, perceived social status, housing and place/postcode.

Digital skills are the set of skills, attitudes and values which will enable people to thrive and flourish in current and future digital environments.

Why this needs highlighting

Social background is not currently a protected characteristic under the definitions set out in the Equalities Act 2010. Organisations can appear to be diverse and may be able to demonstrate that they comply with the Equalities Act 2010 without giving people with similar potential but from different socio-economic backgrounds equal chances to succeed.

Household income is the key determinant of whether a person has access to the internet and the opportunity to develop the digital skills that are needed to be included and thrive in 21st century society.

As with the characteristics protected in the Equalities Act 2010, we see differences in how people progress and need to delve into personal experiences, organisational processes and data to gain insight into why and how this happens in order to work out how to change it.

What this report covers

This report shares the key highlights, case studies, performance data and partnerships that are involved for each of the City of London Corporation's (the 'City Corporation') Social Mobility Strategy's four outcomes and the Digital Skills Strategy's three priorities. It recognises our achievements for the year September 2019 to September 2020, the learnings from the COVID-19 crisis and reaffirms our commitment to the Social Mobility Strategy 2018-28 and the Digital Skills Strategy 2018-2028. This report combines the annual reporting for the Social Mobility and Digital Skills Strategies, reflecting the strong links between the strategies and using our resources more efficiently.

Given the period covered, this has been a year of two halves. Whilst digitally enabled economies and communities adapted quickly, others did not and many are suffering the effects of being disconnected.

Social Mobility Strategy – at a glance

For the first half of the year, we focused heavily on working with young people, particularly through our cultural and educational outreach work. This year, the Culture Mile School Visits Fund continued to provide access to schools with high levels of disadvantaged to cultural learning in the City and beyond. We hosted the Social Mobility Commission's Employer toolkit launch, Tomorrow's Company's first Financial Inclusion Summit and the launch of the Bridge Group's Social Mobility Research.

For the second half, our focus shifted to alleviating the negative effects of COVID-19 on social mobility. The Culture Mile School Visits Fund shifted to the provision of hardcopy Play Packs distributing through food banks for children and families to engage in cultural and creative learning at home. Our achievements also included the delivery of a Virtual London Careers Festival, a move towards blind recruitment and a strong focus on apprenticeships. Our key lesson learned is that we need to adapt our activities so that they are more resilient within the context of COVID-19 and its wide-reaching economic impacts.

Overall, we delivered 23 out of the 69 actions set out in our action plan against our four outcomes, with a further 44 actions either on track or ongoing. Collectively, we have had a strong year, despite the COVID-19 pandemic.

Digital Skills Strategy - at a glance

The COVID-19 pandemic has shone a spotlight on the value of a digital economy and a community that is adaptable and resilient. This has been a hugely challenging year, with an exponential acceleration in the digitisation of everyday life and an accompanying risk of catastrophic consequences for those not equipped to make the switch. The City Corporation has continued to look at what the Financial and Professional Services (FPS) sector can do to ensure that it has the digitally skilled workforce it needs. We have also worked hard to support young people through raising awareness of jobs in tech and connecting our young people with employers via the London Careers Festival. This was delivered virtually at short notice due to COVID-19 and, despite Officers' best efforts, did not attract the same number of students as in previous years so many students missed out on this opportunity. Through our continued funding of digital transformational projects for the charitable sector we have sought to accelerate their work to address social issues. We have learnt that the performance of our activities must be more stringently measured and ambitious targets set. Next year, we will increase the number of actions and performance measures to widen the strategy's impact.

In 2019/20 we delivered against 30 activities to improve digital skills for people and businesses. Of these 30 actions, 8 are complete and 28 are ongoing.

Executive Summary

Our definition of social mobility

The ability and opportunity for individuals, families or groups to progress within a society to reach their full potential – in terms of income, education, employment, perceived social status, housing and place/postcode.

Why us

The City of London Corporation is committed to championing social mobility throughout our work internally and with our unique combination of stakeholders spanning the private, public, charitable and community sectors across the Square Mile, the City, London, the UK and beyond. Social mobility is a key organisational priority outlined in our Corporate Plan (CP) for 2018-23, which will help to deliver our aims to contribute to a flourishing society and support a thriving economy.

Who we will work with

Our resident and worker population, businesses in the City, the charities and good causes we support through our charitable giving, our learners across our family of schools and cultural institutions, government and policy makers.

Our Vision

People enjoy a society where individuals from all socio-economic backgrounds can flourish and reach their full potential.

Our Aim

To bridge and reduce the social and economic divides that may be experienced by people during their lifetime, by maximising and promoting social mobility within businesses, organisations, central and local government and educational and cultural institutions.

Our Outcomes

Everyone can develop the skills and talent they need to thrive.

Links to CP Outcome 3

Opportunity is accessed more evenly and equally across society.

Links to CP Outcome 3

Businesses and organisations are representative and trusted.

Links to CP Outcome 8

We role model and enable social mobility in the way we operate as an organisation and employer.

Links to CP Outcome 5

Our Activities

- Prepare our learners for the jobs of the future.
- Raise educational and employment aspiration and attainment.

- Remove barriers, overcome gaps and improve access and participation in order to improve attainment.
- Support and deliver social action, social integration, networking and understand the impact of conscious and unconscious biases.

- Promote and encourage the need for and benefits of social mobility across business and government.
- Support organisations, government and policy makers to improve their own practices and leadership to facilitate social mobility.

- Identify and address barriers to employment and progression inclusively.
- Review our organisational working practices to ensure that these do not act as barriers to social mobility.
- Champion equality, diversity and inclusion.

Our Success Measures

Over the next 10 years, we will be a valued advocate and thought leader for social mobility, committing to collaboration, partnership work, innovation and longitudinal evaluation, to ensure equality of opportunity for all and the removal of structural inequalities and barriers within our own organisation and beyond.

We won't just work to level the playing field, we will make it fairer too.

EXECUTIVE SUMMARY: Digital Skills Strategy at the City of London Corporation, 2018 – 23

Shaping tomorrow's City today

About us:

The City Corporation's reach extends far beyond the boundaries of the Square Mile and the City, across the private, public, charitable and community sectors. Our digital skills strategy supports the aims set out in our Corporate Plan for 2018-23 to contribute to a flourishing society, support a thriving economy and shape outstanding environments.

Our Vision:

People and businesses, across the City, London and beyond, are equipped to take full advantage of digital technologies and innovations to help themselves and their economies thrive.

Our Outcomes:

1. The City, London and the UK have the skills, talent and digital expertise they need to drive digital productivity and competitiveness.
2. People and businesses have the digital skills they need to thrive in all aspects of their lives.

Who will we work with:

- The residents, learners and workers we work with directly.
 - The businesses we support in the City, London and beyond and local, regional, central and global governments.
- The communities we support through our charitable giving, distributed mainly via City Bridge Trust.

Our priorities:

Digital Competitiveness

Digital Creativity

Digital Citizenship

Our activities:

Working with businesses we will explore the ways in which we can:

- Support digital innovation and enterprise.
- Fill the digital skills gaps and shortages that businesses identify.
- Prevent and safeguard against cyber-attacks and cyber terrorism.

[Links to Corporate Plan Outcomes 5, 6, 7, 8.](#)

Working with businesses, educators and civil society, we will consider how we can:

- Raise educational aspiration and attainment in terms of digital skills.
- Prepare our learners, for the jobs of the future, in terms of the necessary digital skills, behaviours, attitudes and competencies.

[Links to Corporate Plan Outcomes 3, 8, 10.](#)

Working with individuals and communities, we will consider how we can:

- Use digital skills to address barriers and gaps to improve access and participation.
- Use digital skills to connect the capital, enable positive transitions and provide advice and support.
- Improve cyber, digital and financial inclusion and safety.

[Links to Corporate Plan Outcomes 1, 2, 3, 4.](#)

Implementing this strategy:

We will embed collaboration, thought leadership and innovation across all aspects of our digital skills work, in order to deliver the vision, priorities, outcomes and activities set out in this strategy, developing responses and interventions to the issues and opportunities that digital skills present society and the economy. We will promote and share our learning, championing the DQ™ digital intelligence framework as part of this. We will look outwards to identify where we want to intervene and track our impact.

Definition of digital skills:

Digital skills are the set of skills, attitudes and values which will enable people to thrive and flourish in current and future digital environments.

Social Mobility and Digital Skills Strategies Annual Report 2019-20

Annual action plan

In developing the strategies, we created annual action plans to ensure our visions for Social Mobility and Digital Skills are converted into concrete, attainable and measurable steps. We review progress to drive efficiency and accountability within the organisation and to share ideas, opportunities and learning. The City Corporation's actions are designed to be long-term, methodical, interventions that deliver the most impact possible.

The actions for the Social Mobility Strategy are set in the context of our daily efforts to work towards our vision of 'People enjoy a society where individuals from all socio-economic backgrounds can flourish and reach their full potential' but also our broader commitments to supporting a diverse and sustainable London within a globally-successful UK.

The actions for the Digital Skills Strategy we take are set in the context of our daily efforts to work towards our vision of 'People and businesses, across the City, London and beyond, are equipped to take advantage of digital technologies and innovations to help themselves and their economies thrive' but also our broader commitments to promoting London as a global leader with a flourishing society.



COVID-19

Social Mobility Strategy

Our activities during this period sought to safeguard and build on our existing work, reframing our priorities to serve businesses and the community in recovering from the impacts of COVID-19. We worked hard to transition activities online where possible from our London Careers Festival, adult education, and library provision. We also worked to minimise and mitigate learning loss and have also commissioned research into the horizon for education systems and the learning opportunities arising from COVID-19.

We moved to expand provision of school forum meetings and provided regular policy briefings to schools on the latest Government announcements, resources and opportunities. We participated in a number of national and global initiatives including the Department for Education's School Recovery Group and the OECD's International Forum on Recovery Curriculum Models.

Digital Skills Strategy

The COVID-19 pandemic has acted as a catalyst in the role digital plays in our life and has clarified both the scale and legitimacy of digital in the modern world.

We sought to continue to recommend the funding of digital skills training initiatives and organisations through our role as a founding partner in [future.now](https://www.futurenow.org/) and the Financial Services Skills Commission.

We ran our second London Careers Festival virtually and our 14 schools and academies were quick to innovate and prevent disruption to learning, using specialised video conferencing to deliver lessons.

We also supported families and young people with the provision of digital devices, 23 preloaded dongles and hotspot devices.

The City Corporation will continue to focus on digital as a key component of COVID-19 recovery and welcomes the announcement of a new digital strategy from the Government this autumn. We also helped feed into the Digital Skills APPG's latest report on the impact of COVID-19 and lessons learned for improving digital skills.

Social Mobility Strategy: Outcomes

Outcome 1 – Everyone can develop the skills and talent they need to thrive

- Libraries – In 2019-20 there were 442,174 visitors to the libraries. There were 68 adult reading sessions with 473 participations and 62 children reading sessions attended by 22 people. Free and inclusive access to space and materials is provided and reading programmes, classes and courses that encourage skills development and lifelong learning are delivered, including Only Connect IT training, Let's Talk English Conversation Classes, Writing workshops, CV Workshops along with 279 one-to-one IT sessions.
- Unaccompanied Asylum Seeker Classroom Project – The aim of this project was to support the development of English language and literacy skills to enable progress into further education, vocational education and employment.
- The Family of Schools Creative Response – The City of London Academy Highgate Hill (CoLAHH) have collaborated with Culture Mile Learning (CML) and the London Metropolitan Archives to develop a series of CPD webinars for English teachers to inspire creative teaching methods and schemes of work. The City of London Academy Highbury Grove (CoLAHG) have been running a photography module called 'The Hidden City' about Lockdown. At the Aldgate School (formerly Sir John Cass's Foundation Primary School), staff have used Google Classrooms to post different Art challenges each week with resources for home learning.
- CISI & Think Investments programmes – We have partnered with the Chartered Institute of Securities and Investment and The Investment Association's Investment20/20 scheme to understand whether an entry level financial services qualification, sector specific expert employability support, or a combination of both, has the greatest impact on young people accessing the sector.

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Outcome 2 – Opportunity is accessed more evenly and equally across society strategy

- Culture Mile Learning – Although COVID-19 necessitated the closure of cultural venues across London, CML provided 9,355 hard copy Play Packs of creative activities and resources for primary school-aged children who were most in need.
- Business Healthy – This year, the Business Healthy network delivered masterclasses covering subjects including cancer in the workplace, COVID-19, and the health and wellbeing benefits of volunteering. This is in addition to signposting people to a range of free support services and resources, including Dragon Café in the City, Thrive LDN's "Coping Well during COVID-19" webinars, and the work of the Lord Mayor's Appeal's This Is Me campaign.
- Online Mentoring Programme – CML worked with a group of Islington-based young care leavers, to explore their career aspirations and matching them with relatable and inspirational mentors working in sectors that they aspire to. Three of the young people have already had an offer of some kind of real-world progression.



Above: The Dragon Café in the City is one of several offers from the Business Healthy Network to promote mental wellbeing.

Strategic Priorities/Outcomes

Social Mobility Strategy: Outcomes

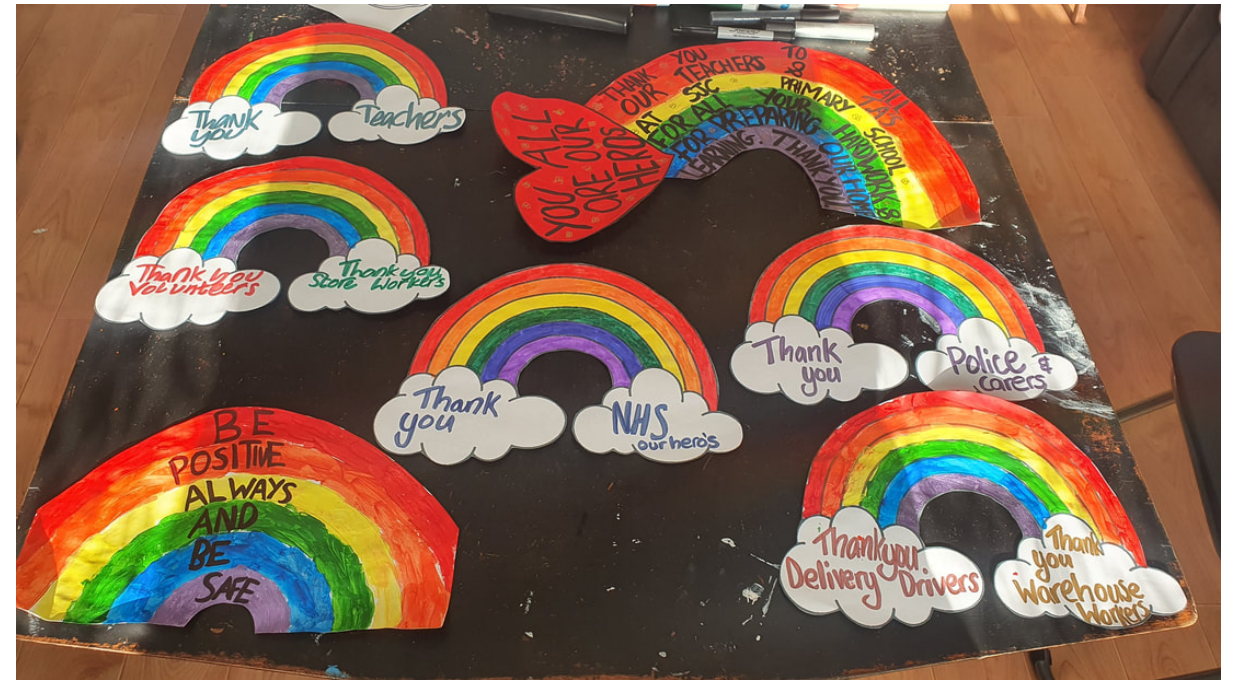
Outcome 3 – Businesses and organisations are representative and trusted

- Financial Inclusion Summit ‘Addressing in Work Poverty’ – Low pay and in work poverty are major barriers to social mobility, affecting 4 million people in the UK. As a result, we delivered the first ‘In Work Poverty’ summit in partnership with Tomorrow’s Company, which called on 200 UK employers to help the working poor.
- Bridge Group Research – The City Corporation has supported research undertaken by the Bridge Group to explore whether and how socio-economic background (SEB) affects access, performance and progression in financial services.

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Above: The Bridge Group research explored whether socioeconomic background can be a barrier to careers in the financial services sector.



Above: Pupils at the Aldgate School have been using Google Classrooms to complete online Art challenges..

Outcome 4 - we role model and enable social mobility in the way we operate as an organisation and an employer

- Creation of the new Tackling Racism Taskforce – in response to the Black Lives Matter Movement, the City Corporation has created a new Tackling Racism Taskforce, consisting of elected Members and Officers. It is committed to acting quickly, radically and with determination to tackle racism.
- Staff Diversity Networks – Our six staff diversity networks continue to provide our employees with particular protected characteristics or from a lower socio-economic background a collective voice. In 2019, we joined the Stonewall Diversity Champions Programme, made a submission to the Workplace Equality Index and signed the Business in the Community (BITC) Race at Work Charter.
- Looking for potential – In 2019/20, 3.8% of our workforce were apprentices, exceeding the Government’s public sector target of 2.3%. We have also developed further our careers site, video and branding approach to encourage people from more diverse backgrounds to apply for our roles.

Strategic Priorities/Outcomes

Digital Skills Strategy: Priorities

Priority 1 – Digital Competitiveness

The City Corporation has significant insight on the skills challenge facing the FPS sector through its involvement in the Financial Services Skills Commission and the Professional and Businesses Services Council. Our City Business Library also provides critical support to SMEs in digital transformation through a range of digital courses available, such as digital marketing.

- CAP Talent – This pilot programme offered 10-12 week internships paid at London living wage for students with tech start-ups to improve post-graduate employability. The project resulted in 45 internships for students from 17 universities, hosted by 39 start-ups (leading to 9 lasting hires).

Page 23
“Students have told us how they are given real responsibility for projects that make a real difference to the business”

Page 23
Hilidh Macdonald, Industry Employability Champion, Goldsmiths, University of London

- Sector Deal for Professional & Business Services (PBS) (Industrial Strategy) – A sector deal proposal was submitted to BEIS in July 2019, with strong City Corporation contribution to the developing talent (apprenticeships) workstream in the sector deal proposals. This agenda has progressed via collaboration with the new Financial Services Skills Commission.
- Cyber Griffin – The project is now engaged with over 350 companies, 10,000 people and run over 360 events since its foundation in 2017. In response to the COVID-19 pandemic the City of London Police created a number of new digital services, including a ‘home working video series’ which delivered key security advices.

“The overall exercise provided us with an independent review of our current control landscape and is a process I would recommend to other organisations”

Cyber Capability assessment for Zurich

Priority 2 – Digital Creativity

- Adult Skills and Education (ASES) – A series of short digital skills ‘taster sessions’ were delivered at a number of our social housing estates, in addition to plans to establish a computer teaching suite at the Avondale Community Centre. ASES have continued to provide adult learning courses to residents and workers as well as accredited apprenticeship training, moving rapidly to online teaching and learning.
- School delivery – At Newham Collegiate Sixth Form Centre there has been an exceptionally high take up with their curriculum delivered via Microsoft Teams. At Rediff Primary and Galleywall Primary schools, they deployed a rapid digital development in learning delivery, with a high take-up across the schools, including children from disadvantaged communities.

Priority 3 – Digital Citizenship

- The role of libraries – our network of libraries are a vital lifeline for digital access and training, providing free public computers and librarians trained to deliver 1-1 digital skills support. Libraries restarted our ‘Only Connect’ project in October 2020, delivered with Age Concern and comprising of weekly drop-in sessions focused on assisting older people with digital skills, tackling social isolation.
- Tech Takeback – The City Corporation Recycling Team, in partnership with SONECS, hosted a series of pop-up tech takeback events which engaged with 156 people and received over 900 tech items, with the intention of donating the tech to charities and the local community.
- She can be – The Lord Mayor’s Appeal’s She Can Be... changes the perception held by 67% of young women that men have better career opportunities (Girlguiding Girls’ Attitudes Survey 2018). At this year’s event, over 250 young women discovered roles in over 30 City organisations and the digital skills required to excel in them.
- Superhighways – The Datawise London programme supports charities and community groups to use data to better shape their services for the benefit of Londoners. COVID-19 has meant that it has needed to adapt the programme from face-to-face to online provision and supporting frontline organisations to adapt their service provision to online medium and make better use and access of data.

Performance & Future Delivery

Performance

Social Mobility Strategy

We are committed to measuring the effectiveness and impact of our work against key performance indicators (KPIs), aligned to our four outcome areas. We will continue to build on our performance framework and our journey to collecting baseline and benchmarking data, with an ambition for future reports to provide baseline and benchmark data for all 37 KPIs and our targets.



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Digital Skills Strategy

Last year we designed a performance framework that committed us to measuring the effectiveness and impact of our work against key performance indicators (KPIs) in our Corporate Performance Framework (CPF) and also the KPIs of the Financial Services Skills Commission. The performance framework also enables us to clearly demonstrate our impact against our Corporate Plan for 2018-23.

In addition, strategy-specific indicators will be identified to demonstrate the strategy's impact. The key measure of success is that our stakeholders will have the digital skills they need in order to thrive in a digital economy and society.



Future Delivery

Social Mobility Strategy

Taking a ten-year approach to the strategy is vital to ensure that the lasting impacts of the interventions planned are fully realised through a sustainable commitment. There remains much to do in order not only to level the playing field, but to make it fairer too, ensuring that everyone can participate, compete and succeed.

Whilst many of the activities in our action plan will continue and develop, we will also spend the next year focusing on:

- Considering socio-economic background as a 10th protected characteristic and seeking to create a culture of inclusivity at the City Corporation
- Exploring the links between social mobility and health and wellbeing
- Promoting and championing the development of fusion skills across work, learning and cultural sectors so that everyone can flourish and thrive
- Embedding a corporate approach to our external communications, influencing and thought leadership activities on social mobility
- Identifying and developing new activities that we can deliver in this space
- Fully implementing the strategy's performance framework so we can learn as we go and hone the interventions that have most impact.

Future Delivery, Oversight & Responsibility

Future Delivery continued

Digital Skills Strategy

Digital skills and inclusion is a major policy objective of local and central government and we are therefore pleased to demonstrate our continued commitment to our strategy, in pursuit of our vision where people and businesses across the City, London and beyond are equipped to take full advantage of digital technologies and innovations, to help themselves and their economies thrive.

The next stage of our work will continue to address the digital skills gap for both the economy and community but also with a focus on our roadmap of post-COVID recovery. There also remains much work needed to address financial and health inequalities, social isolation, and digital inclusion, such as addressing digital devices, data and know-how poverty.

Whilst many of the activities in our action plan will continue and progress, we will also spend year 3 focusing on:

- In partnership with KPMG, running a legal tech innovation pilot in November 2020
- Collaborating with the FCA on the pilot of a 'digital sandbox' to support innovative firms tackling challenges caused by the coronavirus (COVID-19) pandemic
- Seeking to widen access to devices and connectivity, working with partners such as the Good Things Foundation and Tomorrow's Company
- Taking part in 'Get Online Week' on 19-25 October 2020
- Developing meaningful digital and tech work experience placements.



Oversight and responsibility

Social Mobility Strategy

David Farnsworth, the Director of City Bridge Trust and the City Corporation's Chief Grants Officer, is the senior responsible officer for this strategy.

Digital Skills Strategy

Andrew Carter, Director of the Department for Community and Children's Services, and Damian Nussbaum, Director of Innovation and Growth, are the chairs for this strategy.

Social Cross-Corporation Working Group

David Farnsworth, Andrew Carter and Damian Nussbaum are supported in the delivery of both strategies by the Social Cross-Corporation Working Group (SCCWG), which meets on a six-weekly basis and also incorporates delivery of [the Responsible Business Strategy](#).

The SCCWG was established to replace the previous separate Implementation Groups for the Social Mobility and Digital Skills Strategies, in response to the COVID-19 epidemic and also with a view to producing a single annual report for our corporate strategies.

The SCCWG is co-chaired by Divindy Grant and Chris Oldham and is made up of officers from the following teams:

- Corporate Strategy and Performance
- Corporate Philanthropy and Volunteering
- City Bridge Trust
- Community and Children's Services
- Strategic Education, Skills and Culture Unit
- Innovation and Growth
- Human Resources
- Town Clerk and Chief Executive's Office.
- The Lord Mayor's Appeal
- Culture Mile Learning
- The City of London Police

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Feedback on your Social Mobility Employer Index submission

Thank you for making a submission to the Social Mobility Employer Index 2020. Below is your individual feedback report which highlights where your organisation is performing well, benchmarks you against other organisations and suggests areas for improvement. Please read this in conjunction with the main Index Key Findings report which will be published alongside the top list and will provide further context to the information given here.

Given new organisations will enter the Index each year, in the interest of fair and consistent treatment we have assessed each employer based on the information we have received in this year's submission only; generally speaking, we have not compared this submission with any data received in 2019, but have taken notice where organisations have explicitly highlighted improvements on last year or have provided data from previous years.

Please note that we will not be publishing the 2019 ranking alongside the 2020 ranking and so if your organisation is lower than it was in 2019, this will not be known unless anyone specifically looks for last year's Top 75.

In addition to using this feedback, we would also strongly advise reading the 2021 guidance notes before starting your next submission - these will be published when the next version of the Index is launched early next year. The [Employer Toolkit](#) from the Social Mobility Commission and The Bridge Group also provides helpful guidance.

If you have any queries regarding the Index or your feedback please contact employerindex@socialmobility.org.uk.

City of London Corporation

Overall ranking: 50

Congratulations on making it into the list of Top 75 employers in the 2020 Social Mobility Employer Index. The Top 75 recognises the organisations that are taking the most action to ensure they are open to accessing and progressing talent from all backgrounds. Your organisation is benefitting from accessing talent from a wide range of backgrounds, and working to ensure employees progress based on effectiveness in role, rather than by background – but as you'll know, there is still more to do. We hope that your organisation will use its position in the Top 75 to advocate for social mobility, implementing new approaches that challenge others to do more over the next 12 months.

It's positive that City of London Corporation is targeting its outreach work at schools with above average levels of Free School Meals/low levels of attainment and is working with a fairly high proportion of children that are eligible for Free School Meals (2019) and without existing relationships with employers.

As the Social Mobility Commission's ['State of the Nation 2018-19'](#) report demonstrated, the biggest gap in access to opportunity is no longer the 'north/south' divide, but that between London and the rest of the country. We would therefore encourage you to continue targeting your support at the areas of the country where the need is greatest and to ensure you are reaching those young people that will benefit the most from your support.

Your organisation has a fairly strong link between the outreach work you do and your recruitment pipeline, in particular reference to the 'Think Investments' programme.

Your organisation did not provide any data on whether or not it is flagging students from its outreach work when they go on to apply for recruitment programmes (e.g. internships) or permanent roles. It is likely that the young people you encounter through your outreach are often from backgrounds which are under-represented in your workforce. If you are not already doing so, we would strongly encourage you to collect this data as part of evaluating the impact of your outreach work and to assess whether it is having the desired effect. If the number of applicants or successful applicants is low, it highlights a missed opportunity for you given the resources you devote to your outreach activity.

The student feedback on the work experience programme is positive, and suggests that the programme is improving students' confidence and understanding of the sector. It is also good that you are tracking the career outcomes of the young people on these activities. We would encourage you to use this information to support your follow-up activity.

Yours is one of a small number of Index organisations to offer higher apprenticeships and is bucking the general trend, which sees the majority of organisations offering apprenticeships at levels 2 and 3. We were pleased to see in last year's Index that an increasing number of organisations are offering apprenticeships at a higher level. This is important, as these can

provide a genuine route into the organisation that is comparable with graduate routes and allows for ongoing career progression.

Whilst very few organisations are publishing what they know about the profile of successful applicants, it is important information for you to know as it should shape your strategy and help you know whether what you communicate to candidates about applying to you is the only information they should know. There are two approaches organisations can take here:

- Be honest with applicants about the types of people you prefer in the selection process, it's in no-one's interests to encourage more applications from people who are highly likely to be unsuccessful – including the applicant's

Or

- Review your selection processes so that they are more inclusive, and in particular assess how your existing screening processes relate to job performance.

Section 4: Attraction

Decile: 3

The recruitment section of your website has some good information about applying for roles, but does not give a clear overview of the whole process, and has no examples or practice tests. An end-to-end overview, with examples where applicable, would make the process more transparent. Some good examples are provided below:

- [Capgemini](#)
- [Enterprise Rent-A-Car](#)
- [Linklaters LLP](#)

We were also particularly impressed with the [mock case study guide](#) from Capital One, which offers candidates helpful tips on case study based interviews and step-by-step examples of this type of interview.

It is good to see that you have initiatives in place to target people from low socio-economic backgrounds. Significant resources are often invested in initiatives to attract those from lower socio-economic groups and it is important that organisations know what they are supporting is effective and leads to change in the diversity of the applicant pool/hires; if it doesn't we encourage organisations to find an alternative initiative that might be more successful.

Section 5: Recruitment and selection

Decile: 2

Whilst your organisation has minimum academic requirements, it does have lower requirements than many Index organisations. This is positive, as there is a lack of evidence to suggest there is a connection between prior attainment and performance in role and those from higher socio-economic backgrounds are more likely to have higher prior attainment. Therefore, your approach could broaden the socio-economic demographic of the applicant pool, but we would recommend analysing your application data to see if that is the case.

Based on your submission, the organisation is not currently measuring how many successful applicants met, but did not exceed, the stated minimum grade requirements. We would encourage you to collect this data, in order to establish if the minimum requirements are being used as intended, or whether successful applicants are always exceeding them. If the latter is the case, we would recommend revising the published minimum requirements, in order to more accurately reflect the reality of the application process.

It's positive that the City of London Corporation has removed candidates' grades and the university attended from most stages of the recruitment process, as it could be the case that the name, academic grades or university attended of candidates have an unduly adverse impact on the success rates of certain demographics.

It is positive that your organisation uses standardised questions for its interviews. Whilst there is a degree of variation in every interview, where standardised questions are not used it allows each individual interviewer too much leeway to look for what they personally want and not what the organisation as a whole is looking for, and means that candidates are not all being judged on the same criteria. Strengths-based interviewing has also been proven to have a positive impact on diversity as opposed to competency-based. More information on this can be found in SMF's guide for students [here](#).

Your organisation is not currently monitoring its recruitment process to identify whether there are particular stages at which those from lower socio-economic backgrounds fall down. The employers that have made the most progress with adjusting their recruitment process have all started by assessing exactly which stage candidates from particular backgrounds are being disproportionately rejected and then changing/removing the parts of the process that seem to disadvantage those candidates, in order to level the playing field. Monitoring the process in this way is something that should be done on an ongoing basis to ensure that one year's results are not an anomaly and also because different employers have different experiences e.g. some think video interviews have improved their process and others have found female candidates do disproportionately badly in them.

The organisation currently scores ‘Work experience within your sector’ as part of the application process, and may want to reconsider this. Work experience is particularly difficult for students from lower socio-economic backgrounds to access, and is often predominantly available in London. Across the board, many more work experience placements go to the relatives of employees and clients than do the best people from less privileged backgrounds, giving the former a natural advantage in your scoring

There can be a case for scoring extra-curricular activities depending on what the activities are, but often the activities that are being scored by organisations are those not available to many socio-economically disadvantaged young people; we would encourage the organisation to review this part of the recruitment process with those students in mind. A related point is that some young people are restricted in the extra-curricular activities they can participate in due to family, or have often experienced a bigger ‘step-up’ to university and therefore are not pushing to be captain of the netball team or social secretary for a society because they are focussing on their studies. Evidence of these activities being accessed disproportionately by those from higher socio-economic backgrounds can be found in the Bridge Group’s report on graduate outcomes [here](#).

There is increasing evidence – for example in The Class Ceiling (Friedman/Laurison) – that those from lower socio-economic groups can suffer a ‘double disadvantage’ if they are also female or BAME. Access and progression are unequal by socio-economic background (in its own right) and evidence also indicates that this characteristic is also correlated with some aspects of race (i.e. Black employees are often more likely to be from lower socio-economic background compared to other races), and that it has a compounding effect. Evidence of this can be found in research done by The Bridge Group with [law firms](#) and the [Civil Service Fast Stream](#). Whilst not every organisation will have enough data to make definitive conclusions, looking at how candidates do if they are in more than 1 under-represented category can help you work out where you most need to focus your efforts.

Section 6: Data collection

Decile: 6

It is very positive that the City of London Corporation is collecting 4 data points for current employees. Over half of Index employers are now collecting socio-economic background data from their new employees and over 40% are collecting this for existing employees, predominantly using the metrics of type of school attended, eligibility for Free School Meals and being the first in the family to attend university. This data collection is key and provides a solid foundation on which to base your social mobility strategy. Some employers have begun to enquire about whether those who attended an independent school did so with the support

of a bursary (and then often categorising this group as lower SEB). We advise caution here, since a great proportion of those in receipt of a bursary may a) in fact be on a non means-tested scholarship or b) be in receipt of a means-tested bursary that is a relatively small proportion of the overall fee (therefore still typically requiring significant financial contributions from parents / carers.)

More generally, we found that completion rates for socio-economic background questions were mixed, with some close to 100% and some as low as 10%. High response rates are important because they help to ensure that the data collected provides accurate monitoring of the recruitment and retention of staff, and a better understanding of areas for action. Strategies for increasing completion rates include:

- Placing the questions in the context of other diversity monitoring, and underlining that people can opt not to answer them;
- Providing staff with a detailed explanation of why the data is being collected and how the organisation plans to use it;
- Senior leadership regularly emphasising the importance of collecting this data;
- Linking the collection of the data to the business case for being open to all talent, regardless of background; and
- Using case studies to illustrate how other organisations have used their data collection exercises to improve recruitment practices.

Again this year we have seen an increase in the number of organisations able to provide workforce data broken down by background, which is a positive trend. However, it is still the case that less than half of Index organisations have that data, and so it's very positive that your organisation was able to provide this.

Your organisation is not currently publishing the data it collects on the socio-economic background of the workforce. Whilst we understand that the publication of this data has some organisational risk, we would encourage all employers to collect and publish detailed data on the socio-economic make-up of their workforce to increase transparency and encourage a more open dialogue about social mobility.

It is very positive that your organisation is collecting data on retention, progression, professional exams/qualifications, pay and appraisal grades. The increasing number of studies of pay, progression and retention in the workplace show that those from lower socio-economic backgrounds can progress at a slower rate than those from more privileged backgrounds and

the only way to know if that is true at your organisation is to record the data on what happens in your workplace. We look forward to reading these findings in next year's submission.

Section 8: Advocacy

Decile: 9

It has been welcome to see the growth of organisations encouraging employees to share their stories of having come from a different background and in particular if senior employees are involved in this. Junior colleagues can often feel their senior colleagues are all from the same background given the degree of assimilation that takes place the longer someone works somewhere. More and more organisations now run social mobility weeks and/or have social mobility networks of employees. It is good to see City of London Corporation is also doing this.

Less than half of Index organisations are encouraging their supply chains to take action on social mobility so it's positive that your organisation is taking action on this area of social mobility. Employers like yours have significant purchasing power, and can create a positive chain-reaction by asking suppliers about their approach to social mobility as part of your contracting process, or working with them to build joint initiatives to tackle the problem.

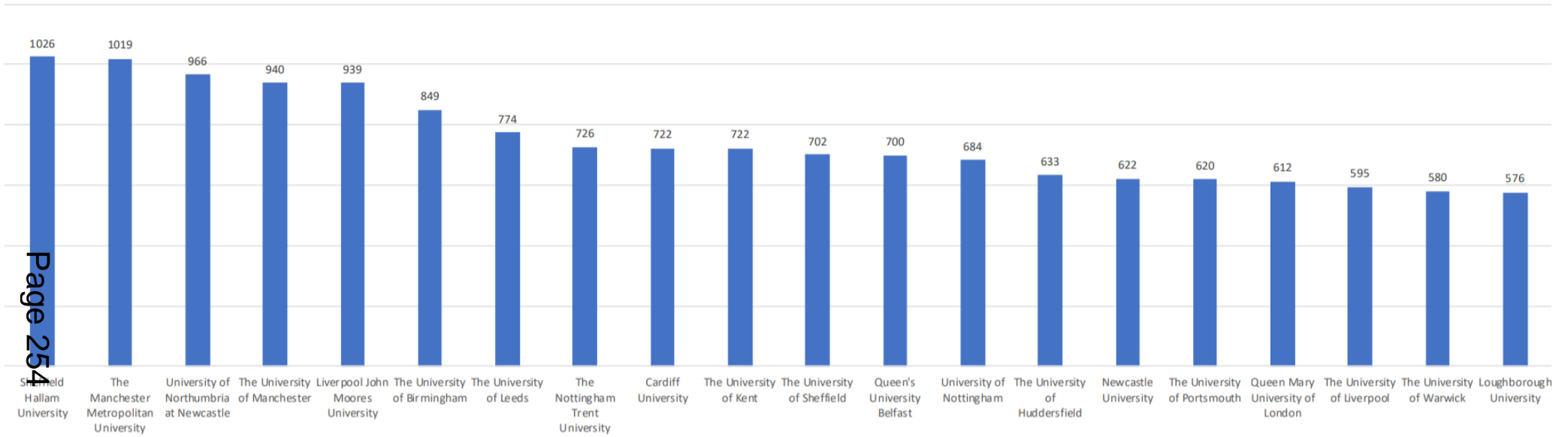
It's good to see you have targets in place, especially that these are reviewed at senior level. Based on the latest good practice, we would recommend setting targets (rather than quotas), since they are a helpful expression of success and typically the organisation's ambitions in this area. However, any such target should be well informed, so consider diversity within the talent pools you are drawing from, the way in which such a target might differ based on the occupational area within your organisation and seniority, and how the target may change over time.

Employee survey

Your organisation did not participate in the employee survey this year. An overview of the survey results will be provided in the key findings report.

Appendix A:

Lower SEB with BBB+ by institution



Top 20 institutions by the number of students from lower socio-economic backgrounds with 300+ UCAS points (graduating next summer). Please note the above data does not include courses allied to medicine or veterinary studies and only includes UK/HOME students.

Committee: Policy and Resources	Date: 18 February 2021
Subject: Policy and Resources Contingency/Discretionary Funds	Public
Report of: Chamberlain	For Information
Report author: Laura Tuckey	

Summary

This report provides the schedule of projects and activities which have received funding from the Policy Initiatives Fund (PIF), the Policy and Resources Committee's Contingency Fund, Committee's Project Reserve, COVID19 Contingency Fund and Brexit Contingency Fund for 2020/21 and future years with details of expenditure in 2020/21. The balances remaining for these Funds for 2020/21 and beyond are shown in the Table below.

Fund	2020/21 Balance Remaining after Approved Bids £	2021/22 Balance Remaining after Approved Bids £	2022/23 Balance Remaining after Approved Bids £	2023/24 Balance Remaining after Approved Bids £
Policy Initiative Fund	527,082	776,365	990,000	1,000,000
Policy and Resources Contingency	57,719	282,000	300,000	300,000
Policy & Resources Project Reserve	405,000	0	0	0
COVID19 Contingency	959,500	0	0	0
Brexit Contingency Fund	639,860	0	0	0

Recommendations

Members are asked to:

- Note the report and contents of the schedules.

Main Report

Background

1. The purpose of the Policy Initiatives Fund (PIF) is to allow the Committee to respond swiftly and effectively with funding for projects and initiatives identified during the year which support the City Corporation's overall aims and objectives.
2. The current process for identifying which items should sit within the PIF are if they fall under the below criteria:

- Items that relate to a specific initiative i.e. research.
 - Sponsorship/funding for bodies which have initiatives that support the City's overall objectives; and
 - Membership of high-profile national think tanks.
3. To restrict the depletion of funds in future years, a two-year time limit is in place on multiyear PIF bids, with three years being an option by exception. To ensure prioritisation within the multiyear bids, the PIF from the financial year 2019/20 and onwards has £600k of its total budget put aside for multiyear bids with the rest set aside (£650k) for one off allocations, with the option to 'top up' the multiyear allocation from the balance if members agree to do so. This will ensure that there should always be enough in the PIF to fund emerging one-off opportunities as they come up.
 4. PIF bids need to include a measurable success/benefits criterion in the report so that the successful bids can then be reviewed to see what the outcomes are and if the works/activities meet the objectives of the PIF. These measures will be used to review PIF bids on a six-monthly basis. This review will aide members in evaluating the effectiveness/benefits of PIF bids supported works/activities which can be taken into consideration when approving similar works/activities in the future.
 5. When a PIF bid has been approved there should be a reasonable amount of progress/spend on the works/activities within 18 months of approval which allows for slippage and delays. If there has not been enough spend/activity within this timeframe, members will be asked to approve that the remaining allocation be returned to the Fund where it can be utilised for other works/activities. If the Department requires funding for the same works/activities again at a later date, it is suggested that they re-bid for the funding. If there is a legitimate reason, out of the Department's control, which has caused delays, it is recommended that these are reviewed by Committee as needed.
 6. The Committee Contingency Fund is used to fund unforeseen items of expenditure when no specific provision exists within the Policy Committee's budget such as hosting one-off events.
 7. The Committee's Project Reserve is a limited reserve which has been established from funds moved from the Projects Sub Committee Contingency Fund as approved in May 2019's Policy and Resources Committee. This reserve of £450,000 from the Project Sub Committee is not an annual Contingency but a one-off sum. It is suggested that this reserve is used for project type spend.
 8. The COVID19 Contingency Fund is a time limited fund established to meet any unforeseen items of expenditure due to the COVID19 virus such as; to enact contingency planning arrangements, support unforeseen expenditure required to support service community which cannot be met from local budgets and to support/implement guidance issued by the government where there is no other compensating source of funding. The Town Clerk and Chamberlain have delegated authority to approve bids to this fund that are under £250,000.

9. The Brexit Contingency Fund is a time limited fund established to meet any unforeseen items of expenditure due to the UK leaving the EU such as; communicating the interests of the City, helping mitigate the risks identified in the Corporate Risk Register or managing any urgent unforeseen issues arising from Brexit. The Town Clerk and Chamberlain have delegated authority to approve bids to this fund that are under £100,000.

Current Position

10. Appendices 1 to 3 list committed projects and activities approved by this Committee for the current and future financial years with the remaining balances available for the PIF (Appendix 1), your Committee's Contingency (Appendix 2), and the Policy & Resources Project Reserve (Appendix 3). Bids against the COVID19 Contingency Fund (Appendix 4) and the Brexit Contingency (Appendix 5) have either been approved by the Town Clerk and Chamberlain under delegated authority or by this Committee.
11. The balances that are currently available in the Policy Initiatives Fund, Committee Contingency Fund, Brexit Contingency Fund and Committee's Project Reserve for 2020/21 are shown in the Table below.

Fund	2020/21 Opening Balance	2020/21 Approved Bids	2020/21 Balance Remaining after 2020/21 Approved Bids	2020/21 Pending Bids	2020/21 Balance Remaining after 2020/21 Pending Bids
	£	£	£	£	£
Policy Initiative Fund	1,969,348	(1,442,266)	527,082	0	527,082
Policy and Resources Contingency	664,569	(606,850)	57,719	0	57,719
Policy and Resources Project Reserve	420,000	(15,000)	405,000	0	405,000
COVID19 Contingency	2,100,000	(1,140,500)	959,500	(235,000)	724,500
Brexit Contingency Fund	639,860	0	639,860	0	639,860

12. The remaining multiyear allocation is shown in the Table below with details, as shown in Appendix 1, prior to any allowances being made for any other proposals on today's agenda.

	2020/21	2021/22	2022/23	2023/24
Balance remaining of Multiyear PIF allocation	£71,365	£243,365	£340,000	£350,000

Corporate & Strategic Implications

13. Although each PIF application has to be judged on its merits, it can be assumed that they may be helping towards contributing to a flourishing society, supporting a thriving economy and shaping outstanding environments as per the corporate plan.
14. Each PIF application should be approved on a case by case basis and Departments should look to local budgets first before seeking PIF approval, with PIF requests only being submitted if there is no funding within local budgets available.

Appendices

- Appendix 1 – PIF 2020/21 and Future Years
- Appendix 2 – P&R Contingency 2020/21 and Future Years
- Appendix 3 – P&R Project Reserve 2020/21
- Appendix 4 – COVID19 Contingency 2020/21
- Appendix 5 – Brexit Contingency 2020/21

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Policy and Resources Committee - Policy Initiative Fund

Budget	2020/21	2021/22	2022/23	2023/24
Initial budget	£ 1,250,000	£ 1,250,000	£ 1,250,000	£ 1,250,000
Uncommitted balance brought forward from 2019/20	£ 437,248	£ -	£ -	£ -
Unspent balances deferred from 2019/20	£ 239,631	£ -	£ -	£ -
Unspent balances in 2019/20 returned to Fund	£ 42,469	£ -	£ -	£ -
Revised Budget	£ 1,969,348	£ 1,250,000	£ 1,250,000	£ 1,250,000

Date	Name	2020/21 Bid	2020/21 Actual	2021/22 Bid	2022/23 Bid	2023/24 Bid
07/07/16	London Councils Summit	£ 16,000	£ -			
16/11/17	Proposed Grant to retain the Centre for the Study of Financial Innovation (CSFI)	£ 6,635	£ 6,635	£ 6,635		
22/02/18	Continued Sponsorship to support Innovate Finance	£ 250,000	£ 187,500			
15/03/18	Match Funding from The Honourable Irish Society to the National Citizenship Scheme	£ 11,000	£ 11,000			
03/05/18	Saudi Arabia Vision 2030, Public Investment Fund and Financial Services	£ 27,487	£ -			
07/06/18	City of London Corporation - Engagement with Strategy World Economic Forum (WEF)	£ 77,899	£ 1,560			
07/06/18	Social Mobility: Sponsorship of the Social Mobility Employer Index	£ 15,573	£ 15,573			
05/07/18	Events Partnership with The Strand Group, King's College London	£ 35,787	£ -			
17/01/19	Sponsorship of the CPS Margaret Thatcher Conference on Britain & America	£ 4,475	£ -			
17/01/19	Sponsorship of Children's Book with Guy Fox History Project Ltd	£ 2,885	£ -			
21/02/19	London and Partners: domestic promotion of London	£ 87,000	£ 12,000	£ -		
14/03/19	Think Tank Review and Memberships 2019-20	£ 8,025	£ 8,025			
04/07/19	Recognition of Women: a City Response	£ 23,000	£ -			
23/10/19	Renewal of CWEIC Strategic Partnership	£ 30,000	£ 10,000			
23/01/20	Sponsorship of New Local Govt Network 'Community Mobilisation' Project	£ 12,500	£ 12,500			
20/02/20	Future.Now - Application for Funding	£ -	£ -	£ 17,000		
20/02/20	Secretariat of Standing International Forum of Commercial Courts	£ 60,000	£ 60,000			
20/02/20	Tokyo 2020 Games	£ 40,000	£ -			
19/03/20	London Messaging Research	£ 40,000	£ -			
16/04/2020	Sponsorship of London 2050 Project	£ 21,500	£ 20,000			
16/04/20	Sheltered Employment Programme - Corporate Catering at the Guildhall Offices	£ 90,000	£ -	£ 90,000		
11/06/20	British Foreign Policy Group	£ 35,000	£ -			
Urgency	Supplementary City Premium Grant to Academies	£ 330,000	£ 330,000			
Urgency	Additional Innovate Finance	£ 100,000	£ 50,000			
24/09/20	Commitment to UN Sustainable Development Goals	£ 10,000	£ -	£ 10,000	£ 10,000	
Urgency	Report on UK Legal Services	£ 7,500	£ 7,500			
19/11/20	Recovery Task Force: Placemaking for a world-leading Square Mile	£ 100,000				
21/01/21	Support for Innovate Finance			£ 250,000	£ 250,000	£ 250,000
21/01/21	Green Horizon Summit Evaluation & COP26 Preparations			£ 100,000		
	Total Allocations	£ 1,442,266	£ 732,293	£ 473,635	£ 260,000	£ 250,000
	Balance Remaining	£ 527,082		£ 776,365	£ 990,000	£ 1,000,000

Bids for Committee's Approval: 18 February 2021

- Commonwealth Enterprise and Investment Council	-	20,000	20,000	-
- Cultural and Diversity Working Groups	-	17,000	-	-
Total Balance if pending bids are approved	£ 527,082	£ 739,365	£ 970,000	£ 1,000,000

	Multi Year PIF Bids	2020/21 Bid	2021/22 Bid	2022/23 Bid	2023/24 Bid
	Multi Year PIF Allocation	£ 600,000	£ 600,000	£ 600,000	£ 600,000
07/07/16	London Councils Summit	£ 16,000			
16/11/17	Proposed Grant to retain the Centre for the Study of Financial Innovation	£ 6,635	£ 6,635		
22/02/18	Continued Sponsorship to support Innovate Finance	£ 250,000			
15/03/18	Match Funding from The Honourable Irish Society to the National Citizenship Scheme	£ 11,000			
07/06/18	City of London Corporation - Engagement with Strategy World Economic Forum (WEF)	£ 38,000			
21/02/19	London and Partners: domestic promotion of London	£ 87,000	£ -		
23/10/19	Renewal of CWEIC Strategic Partnership	£ 20,000			
16/04/20	Sheltered Employment Programme - Corporate Catering at Guildhall Offices	£ 90,000	£ 90,000		
24/09/20	Commitment to UN Sustainable Development Goals	£ 10,000	£ 10,000	£ 10,000	
21/01/21	Support for Innovate Finance		£ 250,000	£ 250,000	£ 250,000
	Multi Year PIF Allocation Balance	£ 71,365	£ 243,365	£ 340,000	£ 350,000

Bids for Committee's Approval: 18 February 2021

- Commonwealth Enterprise and Investment Council	-	20,000	20,000	-
-	-	-	-	-
Total Balance if pending bids are approved	£ 71,365	£ 223,365	£ 320,000	£ 350,000

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Policy and Resources Committee - Contingency

Budget	2020/21		2021/22	2022/23
Initial Budget	£ 300,000		£ 300,000	£ 300,000
Uncommitted balance brought forward from 2019/20	£ 233,753		£ -	£ -
Unspent balances deferred from 2019/20	£ 129,850		£ -	£ -
Unspent balances in 2019/20 returned to Fund	£ 966		£ -	£ -
Revised Budget	£ 664,569		£ 300,000	£ 300,000

Date	Name	2020/21 Bid	2020/21 Actual	2021/22 Bid	2022/23 Bid
08/05/14	City of London Scholarship - Anglo-Irish Literature	£ 19,850	£ -	£ -	£ -
17/11/16	Police Arboretum Memorial Fundraising Dinner	£ 30,000	£ -	£ -	£ -
04/10/18	Beech Street Transformation Project	£ 55,000	£ -	£ -	£ -
12/12/19	Administrative, consultancy and support fees associated with governance review activities	£ 25,000	£ 25,000.00	£ -	£ -
20/02/20	Common Council Elections in March 2021 - funding a high-profile advertising campaign	£ 127,000	£ 355.00	£ -	£ -
19/11/20	Census 2021	£ -	£ -	£ 18,000	£ -
10/12/20	Mobilisation of Climate Action	£ 200,000	£ -	£ -	£ -
10/12/20	Electoral Registration Campaign Manager	£ 150,000	£ 1,060.00	£ -	£ -
	Total Allocations	£ 606,850	£ 26,415.00	£ 18,000	£ -
	Balance Remaining	£ 57,719		£ 282,000	£ 300,000

Bids for Committee's Approval: **18 February 2021**

-	-	-	-
-	-	-	-
Total Balance if pending bids are approved	£ 57,719	£ 282,000	£ 300,000

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Policy & Resources Committee - COVID Contingency 2020/21

Budget	2020/21
Initial Budget	£ 1,500,000
Additional allocation ringfenced for GSMD	£ 600,000
Revised Budget	£ 2,100,000

Date	Name	2020/21 Bids
03/04/20	SMTA Rates Bill	£ 67,000
21/04/20	COLPAI - CCTV	£ 41,000
17/04/20	Support the Mortality Management Group	£ 27,000
24/04/20	Direct Access Server Replacement + Additional Server	£ 37,000
06/05/20	PPE Purchasing	£ 4,000
11/05/20	CoLP IT Resilience	£ 263,000
28/05/20	Open Spaces PPE and HSE	£ 65,000
09/06/20	Using Public Transport and Social Distancing - Face Coverings	£ 25,000
24/06/20	CoL IT - Remote Working upgrades and expenses	£ 81,000
09/07/20	City of London Academies Trust Funding Request for Summer Provision 2020/21	£ 70,000
08/07/20	Everyone In - Rough Sleeping Response	£ 261,000
27/07/20	Brakespear Mortuary	£ 44,000
05/10/20	Public Health Communications Officer	£ 50,000
19/11/20	Communications with Residents	£ 28,000
10/12/20	Dedicated City Corporation News Hub on City AM	£ 45,000
21/12/20	Dedicated strategic support on social care to the Chief Executive of Ealing	£ 8,500
22/01/21	Letter drops to City residents	£ 24,000
	Total Allocations	£ 1,140,500
	Non ringfenced balance	£ 359,500
	GSMD ringfenced balance	£ 600,000
	Total Balance Remaining	£ 959,500

Bids for Committee's Approval: 18 February 2021

- Laptops required for new starters and replacing broken devices to the end of March 2021	195,000
- Public Health Communications Officer extended	40,000
Total Balance if pending bids are approved	£ 724,500

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Policy and Resources Committee - Brexit Contingency 2020/21

Budget	2018/19	2019/20	2020/21
Initial Budget	£ 2,000,000.00	£ -	£ -
MHCLG Funding	£ 105,000.00	£ 210,000.00	£ 229,760.00
Unspent balance brought forward as agreed by Committee	£ -	£ 2,017,420.00	£ 410,100.00
Funding moved to create COVID Contingency	£ -	-£ 1,500,000.00	£ -
Revised Budget	£ 2,105,000.00	£ 727,420.00	£ 639,860.00

Date	Name	2018/19 Bid	2019/20 Bid	2020/21 Bid	Actuals to date
11/01/19	Brexit Engagement Action Plan	£ 20,000.00	£ 40,000.00	£ -	£ 57,200.00
05/02/19	No Deal Preparation - Adverts	£ 13,680.00	£ -		£ 13,680.00
07/02/19	Post Funding for Mitigation of Reputational Risk	£ -	£ 13,000.00	£ -	£ 12,560.00
08/03/19	Supply Chain category card analysis	£ 9,900.00	£ -	£ -	£ 9,900.00
27/03/19	Police costs as a result of protest activities	£ 44,000.00	£ -	£ -	£ 44,000.00
03/04/19	Guildhall School of Music & Drama Expanded Recruitment	£ -	£ 20,000.00	£ -	£ 19,624.00
23/09/19	Preparation comms	£ -	£ 14,560.00	£ -	£ 5,490.00
	Total Allocations	£ 87,580.00	£ 87,560.00	£ -	£ 162,454.00
	Balance Remaining	£ 2,017,420.00	£ 639,860.00	£ 639,860.00	

Bids for Committee's Approval: **18 February 2021**

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Total Balance if pending bids are approved

£ 639,860

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of the Local Government Act 1972.

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