

## FINANCE COMMITTEE

Tuesday, 13 April 2021

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 13 April 2021 at 1.45 pm

### Present

#### Members:

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|---|---|
| Jeremy Mayhew (Chairman)                    | Paul Martinelli                                 |
| Deputy Jamie Ingham Clark (Deputy Chairman) | Andrew McMurtrie                                |
| Munsur Ali                                  | Deputy Robert Merrett                           |
| Rehana Ameer                                | Hugh Morris                                     |
| Randall Anderson                            | Benjamin Murphy                                 |
| Deputy Roger Chadwick                       | William Pimlott                                 |
| Graeme Doshi-Smith                          | James de Sausmarez                              |
| Alderman Prem Goyal                         | Deputy John Scott                               |
| Michael Hudson                              | Ian Seaton                                      |
| Deputy Wendy Hyde                           | Sir Michael Snyder                              |
| Deputy Clare James                          | Deputy James Thomson                            |
| Alderman Gregory Jones QC                   | Deputy Catherine McGuinness (Ex-Officio Member) |
| Alderman Nicholas Lyons                     | Deputy Tom Sleigh (Ex-Officio Member)           |

#### Officers:

|                         |                                       |
|-------------------------|---------------------------------------|
| John Barradell          | - Town Clerk and Chief Executive      |
| John Cater              | -                                     |
| Simon Latham            | - Town Clerk's Department             |
| Peter Kane              | - Chamberlain                         |
| Caroline Al-Beyerty     | - Chamberlain's Department            |
| Christopher Bell        | - Chamberlain's Department            |
| John James              | - Chamberlain's Department            |
| Michael Cogher          | - Comptroller and City Solicitor      |
| Paul Wilkinson          | - City Surveyor                       |
| Sonia Virdee            | - Chamberlain's Department            |
| Connie Dale             | -                                     |
| Giles Radford           | - Department of the Built Environment |
| Sean Green              | - Chamberlain's Department            |
| Ian Hughes              | - Department of the Built Environment |
| Lisa Moore              | - Chamberlain's                       |
| Nicholas Richmond-Smith | - Chamberlain's                       |
| Richard Skok            | - Chamberlain's Department            |

### 1. APOLOGIES

Apologies for absence were received from Alderman Sir Peter Estlin, Sheriff Christopher Hayward, Gregory Lawrence, Oliver Lodge, and Mark Wheatley.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – that the public minutes of the meeting held on 16<sup>th</sup> February be approved as an accurate record.

At this point, the Chairman took the opportunity to thank formally the outgoing Chamberlain, Dr Peter Kane. Peter had provided sterling service and exemplary advice and support during his seven years with the Corporation.

The Chairman commended Peter's steadfast commitment to the Corporation and its interests; whilst maintaining the need for financial discipline, Peter was always sensitive and responsive to the particular needs of the Corporation, not least concerning the funding for the major projects, as well as other key priorities. It is to his enormous credit that, despite the considerable challenges over the past year, he departs the Corporation with the finances on an even keel and on a sustainable pathway over the medium-term.

The Chamberlain thanked the Chairman for his warm words. Reflecting on the considerable legacy and responsibility of being the 80<sup>th</sup> Chamberlain, 784 years after the creation of the role, he paid tribute to Members and fellow officers for the way in which they had come together over the past year in a spirit of collaboration and commitment to ensure that the Corporation navigated the significant economic upheaval wrought by the pandemic. Whilst the challenges remained, he was confident of our collective resolve, and pointed to the transformation of IT and procurement in recent years as examples of ways in which we can build resilient services that benefit all.

He expressed his pride at the hard work undertaken in recent years to nurture and protect the Corporation's finances. This legacy has not only stood us in good stead this past year as we faced unprecedented challenges, but it has also given us the foundation to look ahead with confidence over the medium-term, as we tend to the post-covid recovery, the delivery of the major projects, and the renewal of our commitment to the successful delivery of our core services to the communities of our City.

Echoing the Chairman's remarks, the Chair of Policy and Resources paid tribute to the Chamberlain for his professionalism, leadership and commitment.

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

The Committee received a joint Report of the Town Clerk and the Chamberlain concerning the Committee's workplan for the next ten months.

**RESOLVED** – That the Committee noted the Report.

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

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

Turning to Efficiency & Performance, the Chairman informed Members that the recent meeting was a timely and productive session focusing on new ways of working post-covid. However, he did express his concern that throughout the discussion it was not immediately apparent as to the most suitable Committee(s) to provide for an officer-Member interface on this vital subject going forward.

Responding to the Chairman, the City Surveyor confirmed that a great deal of cross departmental work was being undertaken with colleagues across HR, Chamberlains, IT, Surveyors and the TOM team. A Report outlining the "design principles" of several different strands, including culture, people & behaviour, technology, and physical space was being prepared and would be submitted to the upcoming meetings of the Establishment Committee and the Efficiency & Performance Sub-Committee.

**RESOLVED** – That the Committee noted the report.

6. **RISK MANAGEMENT - TOP RISKS**

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

Set of triggers that will take this up to red. KPIs might be that would trigger it to come back. MTFP based on key assumptions. A&RM Committee to take the decision

Risk maps are dynamic, expect officers to mitigate red risks is positive, may go back to red but we are heading in right direction.

One person is accountable to raise to red risk – who owns it. Caroline overall owner. Different officers Mitigating actions responsible

Triggers are developed, proposal to go to next A&RM Committee.

JT – significant work has gone in to reduce risk. thanked the Chamberlain for hard work

**RESOLVED** – That the Committee noted the report.

7. **DEEP DIVE REVIEW OF CR35 - UNSUSTAINABLE MEDIUM-TERM FINANCES**

The Committee received a Report of the Chamberlain concerning CR35 (Medium-Term Financial Plan Risk)

Whilst welcoming the content of the Report and the positive direction of travel i.e. red to amber, Members were acutely aware of the paramount importance

and assumptions built into the Medium-Term Financial Plan; they were, therefore, keen that officers establish a tailored set of KPIs, which, if triggered, would elevate CR35 back up to red. Whilst Members expected officers to mitigate the risk, they emphasised that we should treat Risk Maps as dynamic documents; quite simply, if the picture worsened then the risk should be returned to red without undue delay.

The Chairman stressed that, whilst officers should come back to Finance Committee and Audit & Risk Management Committee with a proposal on KPI triggers for CR35, A&RM should be the Committee to make a final decision on this matter.

Whilst multiple officers were involved with helping to mitigate this risk, the Deputy Chamberlain confirmed that she was the overall owner of CR35.

Separately, the Chairman of the Police Authority Board thanked the Chamberlain for his sterling work in helping to reduce the Police's finances risk (CR23) from red to amber and deliver a balanced budget for 2021/22.

**RESOLVED** – that the Committee noted the Report.

## 8. **REVIEW OF THE FINANCIAL REGULATIONS**

The Committee considered a Report of the Chamberlain concerning the City's Financial Regulations.

**RESOLVED** – that the Committee:

1. Agreed the revised Financial Regulations set out in Appendix A;
2. Agreed a delegation to the Chamberlain to amend the regulations in respect of any changes in the title or responsibilities of any chief officer named in the regulations arising from the Target Operating Model.
3. Noted that a delegation to the Chamberlain to amend the regulations to reflect any changes of committee responsibilities arising from the establishment of the Bridge House Estates Board and the consequent revisions to other committees' terms of reference was approved by the Court of Common Council; and
4. Note that in future the regulations will be regularly reviewed, and proposed changes presented to Finance Committee on an annual basis.

## 9. **OPTIONS TO PROMOTE SUPPLIER DIVERSITY**

The Committee considered a Report of the Chamberlain concerning supplier diversity.

Welcoming the paper, the Chairman opened the discussion by stressing that, whilst we should do all we can to encourage applications and remove barriers, at the point of selection, the principle of best value must always apply.

Noting the relative lack of businesses owned by under-represented groups coming forward to bid for contracts, a Member emphasised that we needed to closely look at the causes for this reticence.

As an organisation, he stressed, we can take a leadership role in this area by assisting potential suppliers to get them into a position where they can bid for contracts. As a broader tool we could also look at delivering a webinar focused on providing SMEs with insights and tips on how to prepare a bid for contracts at the City and other similar public sector organisations. The Chairman welcomed these comments and suggested that the Procurement Sub-Committee was, at least in the first instance, best placed to look at this in more depth.

Officers added that this had been an area of focus before the question of supplier diversity arose at the last meeting of FC and they were working from a strong platform. However, the challenges were significant, not least around businesses being able to navigate the documentation involved in a bid, and also ensuring that the aim of encouraging more diverse businesses to bid was built in at the beginning of the tender process.

A Member asked where we are in terms of diversity within our own City Procurement team. Officers responded that they would respond to the Member after the meeting.

Separately, a Member pointed out that we needed to consider companies which had under-represented groups as a large proportion of the workforce, not just the ownership.

A Member asked that KPIs are established to assess the impact of the plan and that a progress update is presented to all relevant committees on a regular basis.

**RESOLVED** – that the Committee approved the recommended action plan for FY2021/22.

10. **HIGHWAY CONSTRUCTION & MAINTENANCE TERM CONTRACT TENDER**  
The Committee considered a Report of the Director of the Built Environment concerning the procurement strategy to be used in the selection of a new term contractor for highway construction & maintenance services.

**RESOLVED** – that the Committee approved the retendering of the term contract for highway construction & maintenance as set out in the report.

11. **IRRECOVERABLE NON-DOMESTIC RATES AND COUNCIL TAX**  
The Committee received a Report of the Chamberlain concerning irrecoverable non-domestic rates and Council Tax.

**RESOLVED** – that the Committee noted the following:

- The write off of irrecoverable non-domestic rates in the sum of £1,323,343.17. noting that £584,926.39 will be met by the City Corporation and £13,452.40 from the premium; and
- the write-off of irrecoverable council tax in the sum of £21,100.23

**12. IT DIVISION - MEMBER UPDATE**

The Committee received a Report of the Chamberlain concerning the IT Division.

**RESOLVED** – that the Committee noted the Report.

**13. CENTRAL CONTINGENCIES**

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

Members recommended that the Resource Allocation Sub-Committee agree to carry forward sufficient resources of £206,000 to meet existing allocations and thereby providing a full year's Central Contingency for funding requirements that may arise during 2021/22.

**RESOLVED** – That the Committee noted the report.

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

The Committee received a report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order 41(b).

**RESOLVED** – That the Committee noted the report.

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

There were no questions.

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

The following item of urgent business was raised:

The Chairman, pointing out that this was his final formal Committee meeting in the role, paid tribute to all of the current and former Chairmen and Deputy Chairmen of the respective Sub-Committees, the Chamberlain and his team, and the Town Clerk for all of their sterling support over the last five years.

**17. EXCLUSION OF THE PUBLIC**

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

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

The non-public minutes of the meeting held on 16<sup>th</sup> February 2021 were approved as an accurate record.

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

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

20. **WAIVER FOR THE EXTENSION OF THE ACTION AND KNOW FRAUD SERVICES CONTRACT BEYOND ITS CONTRACTED TERM**

The Committee considered a Report of the Commissioner of the City of London Police concerning a Waiver for the extension of the Action and Know Fraud services contract beyond its contracted term.

21. **NEW FINANCIAL SYSTEM AND ERP PROJECT**

The Committee considered a Report of the Chamberlain concerning the New Financial System and ERP Project.

22. **INSURANCE - PROPERTY: PROCUREMENT STAGE 1 STRATEGY**

The Committee considered a Report of the Chamberlain concerning Property Insurance for the City of London Corporation.

23. **CENTRAL CONTINGENCIES - NON-PUBLIC APPENDICES**

The Committee noted the non-public appendix to ITEM 13 (Central Contingencies).

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

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

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

There were no items of urgent business.

**The meeting ended at 3.20 pm**

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Chairman

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