

FINANCE COMMITTEE

Tuesday, 21 September 2021

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 21 September 2021 at 1.45 pm

Present

Members:

Deputy Jamie Ingham Clark (Chairman)	Alderman Alastair King
Jeremy Mayhew (Deputy Chairman)	Tim Levene
Munsur Ali	Paul Martinelli
Randall Anderson	Andrew McMurtrie
Nicholas Bensted-Smith	Deputy Robert Merrett
Deputy Roger Chadwick	Hugh Morris
Henry Colthurst	Susan Pearson
Graeme Doshi-Smith	James de Sausmarez
Alderman Professor Emma Edhem	Deputy John Scott
Alderman Sir Peter Estlin	Sir Michael Snyder
Michael Hudson	Deputy James Thomson
Alderman Robert Hughes-Penney	Mark Wheatley
Deputy Wendy Hyde	Christopher Hayward (Ex-Officio Member)

Officers:

John Cater	-
Caroline Al-Beyerty	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Sonia Virdee	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Dionne Corradine	-
Sean Green	- Chamberlain's Department
Hayley Hajduczek	- Town Clerk's Department
Sanjay Odedra	- Communications Team
Douglas Trainer	-

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Deputy Clare James, Gregory Lawrence, Oliver Lodge, Deputy Catherine McGuinness, Benjamin Murphy, Ian Seaton, 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 OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 20th July 2021 be approved as an accurate record.

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

The Committee received a Report of the Chamberlain outlining the workplan for the next six months.

In response to a query, the Chamberlain confirmed that the statutory deadline for the certification of City Fund's external audit was 30th September. Given that the City (in addition to many other London Boroughs) will not meet this deadline, discussions had been held with the Ministry of Housing, Communities and Local Government to see if this deadline could be extended to the end of November. MHCLG have, thus far, rejected this request.

The City will alert all stakeholders to the delay on the Corporation's website. It should be emphasised that the City met its statutory obligations in submitting the draft statements at the end of June and the delay to certification rests with the external auditors. The key risk now was reputational, and the Chamberlain would be working on ensuring that our relationship with the City's investors remained undamaged.

The Chamberlain confirmed that there was no statutory deadline for certification of City's Cash statements but has signalled to investors that certification will be completed by Christmas. The Bridge House Estates statements needed to be completed by the end of January, but officers were working on ensuring that this was in place earlier.

The Chairman confirmed that he, the Chairman of the Bridge House Estates Board, and the Chairman of the Audit & Risk Management Committee had been kept fully updated on this matter and had collectively aired their frustrations, on behalf of the City, with representatives of the external auditors.

RESOLVED – that the Committee noted the Report.

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

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

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.

In response to a query, the Chamberlain confirmed that the £30m allocated in reserve to mitigate CR35 (Unsustainable Medium-Term Finances) is based upon a more pessimistic scenario (e.g. if rental income flows as a result of the pandemic are worse than forecast). The Chairman added that the budget

monitoring for the Q2 half-year point (due at the October meeting of the Finance Committee) should provide more insight about how we are doing against the budget and provide an early outlook vis-à-vis our fiscal position over the medium-term.

A Member expressed concern about the impact on the medium-term position due to rising inflation for both materials and labour when it came to City's projects. Noting these concerns, the Chamberlain accepted that whilst it was anticipated that the 2022/23 budgets were being planned on a "flat cash" basis, the picture beyond the next financial year was difficult to project, given the inflationary pressures in the wider economy; early provisional discussions for the 2023/24 budget setting process had been taking place and would be taking inflation into account.

Concerns about IT, level of service and cost that the Force is getting. Broader review of whether IT is being damaged by a lack of resources/sufficient budget.

Commenting on CHB IT 031 (IT Revenue Budget), the Chief Operating Officer confirmed that a value-for-money review of IT usage for the City of London Police was currently being undertaken and any emerging recommendations would be reviewed to see if any were more widely applicable to the Corporation as a whole.

The COO confirmed that the structural changes in the IT Division had yet to be finalised; several other levers were being examined, including a review which was currently being undertaken to determine which IT contracts could be amended or retendered in order to secure further savings. The Deputy Chairman stressed that the key driver behind the TOM was to close the City's budget gap, not to cut or deleteriously reduce services to the detriment of the Corporation. Departments should, in the first instance, rigorously analyse what they could do to make their service more efficient, alongside identifying which areas they provided that were no longer necessary.

A Member asked about whether, given the review of supplier contracts, there was scope for engaging new suppliers from more diverse backgrounds. The COO responded that a Report would be coming back to the Committee in October on supplier diversity and this would be a key component for the new Commercial Director.

RESOLVED – that the Committee noted the Report.

7. CITY RE LIMITED - PERFORMANCE MONITORING

The Committee considered a Report of the Chamberlain concerning City Re Ltd.

In response to a query concerning the IBNR rate, the Chairman informed the Committee that the City Re board discussed the rate at each of its meetings and they were content with its current position.

RESOLVED – that the Committee:

- i) to note this report; and
- (ii) confirm that going forward the Deputy Chairman of the Finance Committee should act as the alternate Director for the Chairman of the Finance Committee.

8. FSD QUARTERLY UPDATE

The Committee received a Report of the Chamberlain concerning the Financial Services Division's Quarterly update.

RESOLVED – that the Committee noted the Report.

9. CENTRAL CONTINGENCIES

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

RESOLVED – that the Committee noted the report.

10. 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 Orders 41(a) and 41(b). The decision related to a donation of £25,000 via Finance Committee's International Disaster Fund to the British Red Cross' Haiti Earthquake Appeal.

RESOLVED – that the Committee noted the report.

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

There were no questions.

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

13. 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.

14. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED – That the non-public minutes of the meeting held on 20th July 2021 be approved as an accurate record.

15. 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 a non-public session at a recent meeting of one of the Committee's Sub-Committees.

16. **PROVISION FOR BAD AND DOUBTFUL DEBTS**

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

17. **CITY FUND - BUDGET REQUEST - SECURITY GUARDS AND CCTV MONITORING AT LEADENHALL MARKET FOR COUNTERTERRORISM PURPOSES.**

The Committee considered a Report of the City Surveyor concerning a request for funds for security guards and CCTV monitoring at Leadenhall Market.

18. **CITY FUND - BUILDING INSURANCE - SPITALFIELDS DEVELOPMENTS LIMITED - DEBT WRITE OFF**

The Committee considered a Report of the Comptroller & City Surveyor concerning a debt write-off.

19. **CITY'S ESTATE - 39/41 & 41 NORTH ROAD - SURRENDER AND RE-GRANT - TWO NEW 150 YEAR LEASES**

The Committee considered a Report of the City Surveyor concerning 39/41 North Road N7.

20. **NON-PUBLIC APPENDIX FOR CENTRAL CONTINGENCIES REPORT**

The Committee noted the non-public appendix to ITEM 9 (Central Contingencies).

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

Members considered a non-public question relating to the work of the Committee.

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

The Committee considered three item(s) of urgent business relating to the City's external auditors, the Museum of London Pay Award (22a), and London CIV (22b).

a) **Museum of London Pay Award 2021**

The Committee considered a Report of the Director of the Museum of London concerning the Pay Award for the Museum.

b) **Request for Delegated Authority**

The Committee considered a Report of the Chamberlain concerning the London CIV.

23. **SENIOR OFFICER RECRUITMENT**

The Committee received a Report of the Chief Operating Officer.

The meeting ended at 3.19 pm

Chairman

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