



## Finance Committee

**Date:** TUESDAY, 21 SEPTEMBER 2021

**Time:** 1.45 pm

**Venue:** INFORMAL HYBRID PUBLIC MEETING (ACCESSIBLE REMOTELY)

**Members:**

Deputy Jamie Ingham Clark (Chairman)	Tim Levene
Jeremy Mayhew (Deputy Chairman)	Oliver Lodge
Munsur Ali	Paul Martinelli
Rehana Ameer	Andrew McMurtrie
Randall Anderson	Deputy Robert Merrett
Nicholas Bensted-Smith	Hugh Morris
Deputy Roger Chadwick	Benjamin Murphy
Henry Colthurst	Susan Pearson
Graeme Doshi-Smith	William Pimlott
Alderman Professor Emma Edhe m	James de Sausmarez
Alderman Sir Peter Estlin	Deputy John Scott
Alderman Prem Goyal	Ian Seaton
Michael Hudson	Sir Michael Snyder
Alderman Robert Hughes-Penney	Deputy James Thomson
Deputy Wendy Hyde	Mark Wheatley
Deputy Clare James	Deputy Philip Woodhouse
Alderman Alastair King	Deputy Catherine McGuinness, Policy and Resources Committee (Ex-Officio Member)
Angus Knowles-Cutler	Sheriff Christopher Hayward, Policy and Resources Committee (Ex-Officio Member)
Gregory Lawrence	Deputy Tom Sleight, Investment Committee (Ex-Officio Member)

**Enquiries:** John Cater  
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### Accessing the virtual public meeting

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

<https://youtu.be/Tg-Dc2B8r4>

This meeting will be a virtual meeting and therefore will not take place in a physical location. Any views reached by the Committee today will have to be considered by the Chamberlain after the meeting in accordance with the Court of Common Council's Covid Approval Procedure who will make a formal decision having considered all relevant matters. This process reflects the current position in respect of the holding of formal Local Authority meetings and the Court of Common Council's decision of 15th April 2021 to continue with virtual meetings and take formal decisions through a delegation to the Town Clerk and other officers nominated by him after the informal meeting has taken place and the will

of the Committee is known in open session. Details of all decisions taken under the Covid Approval Procedure will be available on line via the City Corporation's webpages.

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 OF THE PREVIOUS MEETING**

To agree the public minutes of the meeting held on 20<sup>th</sup> July 2021.

**For Decision**  
(Pages 7 - 12)

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

Report of the Chamberlain.

**For Information**  
(Pages 13 - 14)

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

Report of the Town Clerk.

**For Information**  
(Pages 15 - 16)

**6. RISK MANAGEMENT - TOP RISKS**

Report of the Chamberlain.

**For Information**  
(Pages 17 - 32)

**7. CITY RE LIMITED - PERFORMANCE MONITORING**

Report of the Chamberlain.

**For Decision**  
(Pages 33 - 60)

8. **FSD QUARTERLY UPDATE**

Report of the Chamberlain.

**For Information**  
(Pages 61 - 68)

9. **CENTRAL CONTINGENCIES**

Report of the Chamberlain.

**For Information**  
(Pages 69 - 72)

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

Report of the Town Clerk.

**For Information**  
(Pages 73 - 74)

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

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

13. **EXCLUSION OF THE PUBLIC**

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

**For Decision**

**Part 2 - Non-Public Agenda**

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

To agree the non-public minutes of the meeting held on 20<sup>th</sup> July 2021.

**For Decision**  
(Pages 75 - 76)

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

Report of the Town Clerk.

**For Information**  
(Pages 77 - 78)

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

Report of the Chamberlain.

**For Decision**  
(Pages 79 - 86)

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

Report of the City Surveyor.

**For Decision**  
(Pages 87 - 90)

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

Report of the City Surveyor.

**For Decision**  
(Pages 91 - 98)

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

Report of the City Surveyor.

**For Decision**  
(Pages 99 - 110)

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

To be read in conjunction with ITEM 9 (Central Contingencies)

**For Information**  
(Pages 111 - 114)

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

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

- a) Museum of London Pay Award 2021 (Pages 115 - 118)  
Report of the Director of the Museum of London.
- b) Request for Delegated Authority (Pages 119 - 120)  
Report of the Chamberlain.

**Part 3 - Confidential Agenda**

23. **SENIOR OFFICER RECRUITMENT**  
Report of the Chief Operating Officer.

**For Information**

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## FINANCE COMMITTEE

**Tuesday, 20 July 2021**

Draft Minutes of the meeting of the Finance Committee held virtually on Tuesday, 20 July 2021 at 1.45 pm

### **Present**

#### **Members:**

Deputy Jamie Ingham Clark (Chairman)	Tim Levene
Jeremy Mayhew (Deputy Chairman)	Oliver Lodge
Rehana Ameer	Paul Martinelli
Randall Anderson	Andrew McMurtrie
Nicholas Bensted-Smith	Deputy Robert Merrett
Deputy Roger Chadwick	Hugh Morris
Graeme Doshi-Smith	Benjamin Murphy
Alderman Emma Edhem	Susan Pearson
Alderman Sir Peter Estlin	James de Sausmarez
Alderman Prem Goyal	Deputy John Scott
Michael Hudson	Deputy James Thomson
Alderman Robert Hughes-Penney	Deputy Philip Woodhouse
Deputy Wendy Hyde	Deputy Catherine McGuinness (Ex-Officio Member)
Deputy Clare James	Sheriff Christopher Hayward (Ex-Officio Member)
Alderman Alastair King	Deputy Tom Sleigh (Ex-Officio Member)

#### **Officers:**

John Cater	- Committee Clerk
Caroline Al-Beyerty	- Chamberlain
Emma Moore	- Chief Operating Officer
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Dionne Corradine	- Chief Strategy Officer
Sean Green	- Chamberlain's Department
Frank Marchione	- Comptroller & City Solicitor's Department
Darran Reid	- City Procurement
Sanjay Odedra	- Communications Team
Dorian Price	- City Surveyor's Department
Graeme Quarrington-Page	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Azeem Bhatti	- City of London Police
Hayley Hajduczek	- Town Clerk's Department
Oliver Watling	- City Procurement

1. **APOLOGIES**

Apologies for absence were received from Munsur Ali, Henry Colthurst, Ian Seaton, Sir Michael Snyder, 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 15<sup>th</sup> June 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 seven 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.

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

6. **CAPITAL AND SUPPLEMENTARY REVENUE PROJECT OUTTURN 2020/21 FOR CITY FUND AND CITY'S CASH AND PRUDENTIAL INDICATORS**

The Committee received a Report of the Chamberlain concerning the summary of the 2020/21 outturn for Capital and Supplementary Revenue Projects (SRPs) for City Fund and City's Cash, together with the Prudential Indicators for the City Fund.

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

7. **REVENUE OUTTURN 2020/21 - FINANCE COMMITTEE - OPERATIONAL SERVICES**

The Committee received a Joint Report of the Chamberlain, the Town Clerk, the City Surveyor, the Remembrancer, the Executive Director of Mansion House & the Old Bailey, and the Director of Community and Children's Services concerning the revenue outturn for the services overseen by the Finance Committee in 2020/21 and the final budget for the year. It also detailed the carry forward requests which have now been approved.

In response to queries around the underspend, the Chamberlain assured Members that, whilst the pandemic had a significant impact on the budget over the course of the year, she was confident that, overall, we were in good shape; pointing, for example, to our fortuitous position with regards insurance premiums due to a lack of activity during lockdown. She also highlighted that the number of Carry Forwards has reduced this year.



In response to a separate query, the Chamberlain and the Chairman confirmed that the 3 year duration cycle for the Cyclical Works Programme was being reduced from three years to a single year, this was in order to help ensure that essential work was carried out in a more swift, timely manner in future.

The £1.5m identified against the CWP on table 1 of the Report was carried forward; there was slippage this year due to the pandemic and a consequent re-profiling of works timelines. The Chairman asked that future iterations of the Report provide a clearer explanation for CWP cash movements and underspends. It was also asked that Corporate Asset Sub-Committee should have sight of this on a more frequent basis as part of their usual remit.

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

8. **PROVISIONAL OUTTURN 2020/21**

The Committee received a Report of the Chamberlain concerning the 2020-21 provisional net expenditure outturn.

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

9. **RISK MANAGEMENT - TOP RISKS**

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

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

10. **UPDATE ON BUDGET SETTING APPROACH FOR 2022/23**

The Committee received an oral update of the Chamberlain concerning the Budget setting approach for 2022/23.

In response to a Member's query around the slippage of TOM savings, the Chairman and the Chamberlain confirmed that the Efficiency & Performance Sub-Committee (E&P), in addition to the Establishment Committee, are leading on Member oversight. Alongside its departmental deep-dives, E&P will be tracking overall progress on savings at its upcoming meetings, and a consolidated Report will also be submitted to the Finance Committee and the Policy & Resources Committee.

The Deputy Chairman proposed that, given it was running with vacancies, the Member should join E&P for the remainder of its 2021/22 term. The Committee Clerk would liaise with the Member and the Chairman after the meeting.

The Chief Operating Officer reflected that, in her view, whilst some individual departments were on track to deliver their savings; in aggregate, as an organisation we are not. She assured Members that a lot of hard work would continue over the coming months to get us on track. The COO added that it was also apparent that there were, in some areas, very distinct differences between cost and value, and as a result, she would welcome the undertaking of a zero-based review in the medium-term, in order to avoid potential false economies.

In response to a separate query on the HRA, the Chamberlain confirmed that a number of other HRAs (i.e. outside of the City) have borrowed significant amounts of money over the course of the pandemic; whilst this had tided them over in the short-term, it was apparent that over the medium-term this could well become unsustainable.

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

**11. REVENUE BUDGET MONITORING TO JUNE 2021**

The Committee received a Report of the Chamberlain concerning Revenue Budget Monitoring to June 2021.

Chairman of the Police Authority Board reiterated to Members that, whilst noting the negative variances in the Report, the Commissioner of the City of London Police was committed to remaining within budget for the overall year.

In response to a concern around the City of London Freeman's School's decision to offer fee discounts, the Chamberlain responded that given the impact of the pandemic on operations at the School, this was a reasonable decision for Freeman's School to take; it should also be noted that these costs will be absorbed by the School.

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

**12. BUSINESS PLAN UPDATE**

The Committee received a Report of the Chamberlain concerning the Chamberlain's Department's Key workstreams and business plan update.

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

**13. CITY PROCUREMENT EFFICIENCY AND SAVINGS TARGET 2021/22**

The Committee received a Report of the Chief Operating Officer concerning the Efficiency and Savings target set for City Procurement; for the financial year 2021/22.

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

**14. GUILDHALL COMPLEX FLAGPOLE**

The Committee received a Joint Report of the City Remembrancer and the City Surveyor concerning flag poles across the Guildhall Complex.

Members expressed their serious concerns about the implications of proceeding with the project as it was currently conceived. The Chairman asked that officers go back to the Hospitality Working Party (HWP) to ask that they either reconsider the project, or that an alternative funding solution was found.

**RESOLVED** – that, further to the comment above, the Committee noted the Report.

15. **IT DIVISION QUARTERLY UPDATE**

The Committee received a Report of the Chief Operating Officer concerning the IT Division.

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

16. **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.

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

There were no questions.

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

There were no urgent items.

19. **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.

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

**RESOLVED** - The non-public minutes of the meeting held on 15<sup>th</sup> June were approved as an accurate record.

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

The Committee noted 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.

22. **INCREASE IN CONTRACT VALUE FOR THE CENTRAL LONDON FORWARD (JETS) PROGRAMME**

The Committee considered a Report of the Chief Operating Officer concerning an increase in the contract value for the Central London Forward (JETs) Programme.

23. **CLOUD SERVICE PROVIDER (CSP) AWARD**

The Committee considered a Report of the Chief Operating Officer concerning the award of the Cloud Service Provider (CSP) contract.

24. **ARREARS WRITE OFF – CITY'S ESTATE AND CITY FUND**

The Committee received a Joint Report of the Comptroller & City Solicitor and the City Surveyor concerning the arrears write off for City's Estate and City Fund.

25. **NON-PUBLIC APPENDICES TO CENTRAL CONTINGENCIES REPORT**

The Committee noted the non-public appendix to ITEM 16 (Central Contingencies).

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

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

27. **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.

28. **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.

29. **CONFIDENTIAL MINUTES**

The confidential minutes of the meeting held on 15th June were approved as an accurate record.

**The meeting ended at 3.25 pm**

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Chairman

**Contact Officer: John Cater  
tel. no.: 020 7332 1407  
john.cater@cityoflondon.gov.uk**

## FINANCE COMMITTEE – WORK PROGRAMME 2021 – NO Changes from July iteration

	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Budget Setting Process & Medium-Term Financial Planning			The Finance Committee's Estimate Report	Capital Funding- Prioritisation of 2022/23 Annual Capital Bids  Autumn Budget- local government		City Fund Budget Report & MTFP Strategy  City's Cash Budget Report & MTFP Strategy	
Effective Financial Management Arrangements for The City Corporation	City Re Limited – Performance Monitoring  Provision for Bad and Doubtful Debts	Q2 Budget monitoring  Capital Projects- Forecasting		Capital Projects- Forecasting	Q3 Budget monitoring		
Financial Statements	City Fund and Pension fund financial statements – Audit completion  <i>(Dependent on Audit delivery- risk flagged by BDO)</i>	Draft city fund and pension fund statement of accounts	City's Cash Financial Statements  Open Spaces and sundry trust annual reports and financial statements				
Finance Committee as a Service Committee	Central Contingencies Risk Management – Quarterly Report FSD Quarterly Update	Central Contingencies Risk Management - Monthly Report City Procurement Q Update Update on Supplier Diversity Action Plan Responsible Procurement Policy Commitments and high level action plan	Central Contingencies Risk Management - Monthly Report IT Division Q Update	Central Contingencies Risk Management – Quarterly Report FSD Quarterly Update CHB 22-23 Business Plan	Central Contingencies Risk Management - Monthly Report City Procurement Q Update	Central Contingencies Risk Management – Quarterly Report IT Division Q Update	Central Contingencies Risk Management - Monthly Report FSD Quarterly Update

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<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee	21 September 2021
<b>Subject: Report of the Work of the Sub-Committee(s)</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	Y/N
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of: Town Clerk</b>	<b>For Information</b>
<b>Report author:</b> John Cater, Committee Clerk, Finance Committee	

## Summary

On 19 July 2016, the Finance Committee agreed that, in addition to draft minutes of Sub-Committee meetings, short reports be provided to advise the Committee of the main issues considered by the Sub-Committees at recent meetings. This report sets out some of the main public issues considered by the following Sub Committees since 21<sup>st</sup> July 2021:

### **Digital Services Sub-Committee – 3<sup>rd</sup> September 2021**

#### **Modern.gov App Pilot Evaluation**

The Sub Committee considered a report of the Chief Operating Officer summarising the findings of the modern.gov pilot for accessing and managing committee papers and aspirations for paper-free working.

Having considered the findings of the pilot, Members were generally supportive of moving towards paper-free working although the challenges of driving forward with this transformational change should not be underestimated. There were clear economic, social and environmental arguments for paper-free working and Members felt that the Policy & Resources Committee should outline the vision and provide the impetus for digitalisation incorporating inclusive solutions.

The Sub Committee has agreed in principle to pursue agreement to move to paperless committee meetings, supported by the Modern.Gov application. (this would require Members to receive electronic agenda packs only, with printed papers provided by exception). However, this would be subject to a strong business case being made for paper-free working, commitment from senior members and an appreciation of the resources required to drive this major transformational change.

## Recommendations

The Committee is asked to note the report.

### **John Cater**

Senior Committee Services Officer, Town Clerk's Department

[john.cater@cityoflondon.gov.uk](mailto:john.cater@cityoflondon.gov.uk)

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<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee	21 September 2021
<b>Subject:</b> Chamberlain's Department Risk Management – Quarterly Report	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	7
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> Chamberlain and the Chief Operating Officer	<b>For Information</b>
<b>Report authors:</b> Hayley Hajduczek Samantha Kay	

## Summary

This report is the quarterly update Finance Committee on the risks and their management by the Chamberlain's and Chief Operating Officer's departments. The Senior Leadership Teams regularly review the risks as a part of the management of the respective departments. The Chamberlain's department currently has two corporate risks and no departmental risk on its risk register, to be reviewed by the new Senior Leadership Team at their next meeting. The Chief Operating Officer's Department currently has two corporate risks and two departmental risks on its risk register that report to this committee. One risk CHB IT 031 IT Revenue Budget has been moved to red in this update under Chief Operating Officer (IT).

This report also details the automatic triggers that have been put in place to indicate and monitor the performance of the CR35 Unsustainable Medium-Term Finances risk, if triggered the risk score will regress to red from its current amber rating.

The Chamberlain's and Chief Operating Officer's Senior Leadership Teams continue to closely monitor the progress being made to mitigate all risks.

## Recommendation(s)

Members are asked to note the report.

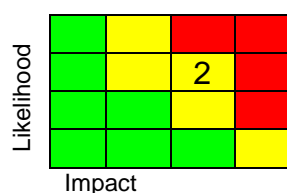
## Main Report

## Background

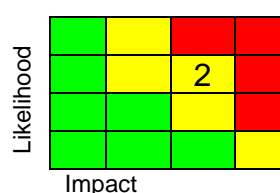
1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings. As we transition into the target operating model the Chief Operating Officer has taken over the management of the IT division from the Chamberlain so this report has been written jointly by both departments.
2. Chamberlain's risk management is reviewed on a monthly basis at Departmental Senior Leadership Team (SLT) meeting. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within Divisional updates on key issues from each of the Directors, ensuring that adequate consideration is given to operational risk. The IT division also monitor their risks in this manner at the monthly Management Team meeting.
3. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to respective SLTs when identified.
4. Since the last Quarterly Risk Register update in May 2021, the Chamberlain's department no longer manages the corporate risk CR16 Information Security (formerly CHB IT 030) or other IT related departmental risks these are now managed by the Chief Operating Officer. The Chamberlain's department continue to maintain CR23 Police Funding and CR35 Unsustainable Medium-Term Finances.
5. The Audit & Risk Management Committee and this Finance Committee agreed in March and April 2021, that the CR35 **Unsustainable Medium-Term Finances** risk could be reduced from a Red score to an Amber score. The agreement is based on the understanding that it could be re-escalated again in the event of a material change in the external environment or delays in internal mitigations. This is being monitored against a set of automatic triggers as outlined in the report below.

## Summary of Risks

6. The heatmap for all Chamberlain's corporate and departmental risks is as below:

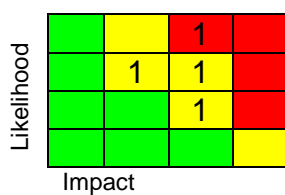


Previous quarter heatmap

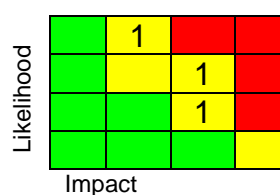


7. The heatmap for all Chief Operating Officer's corporate and departmental risks is as below:

Current heatmap



Previous quarter heatmap



8. The Chamberlain's department currently has two corporate risks and no departmental risk on its risk register, attached as Appendix 1 to this report, assessed as 2 AMBER risks. The CR23 Police Finance amber corporate risks will be reviewed in November 2021 with the intention to amalgamated into the CR35 risk for completeness.
9. The Chief Operating Officer's Department currently has two corporate risks and two departmental risks on its risk register that report to this committee. The following risks are currently on the risk register:

**CR35 Unsustainable Medium-Term Finances (Current Risk: Amber – no change)**

10. This risk continues to be closely monitored over four main areas against agreed triggers highlighted below. In addition, £30m reserves are held back to assist mitigate any risks:

**Business Rates**

*Triggers:*

- Change to business rate reset a further deferral will result in a positive impact.
- Shift from commercial to residential.
- Reduction in Rateable Value.
- Changes to methodology in business rate calculations.
- Alternative funding sources e.g. sales tax.

**Spending review**

*Trigger:*

- Any changes to funding arrangements below the baseline.

**Rental Income**

*Trigger:*

- Increase in loss of income over £5m p.a.

**Achievement of savings flightpath (including Fundamental Review and 12%)**

*Triggers:*

- Delays/Reduction to 12% savings.
- Delays/Reduction to fundamental review savings.

None of these triggers have been met throughout August allowing the risk to remain at an amber rating. But with a global pandemic and uncertain economic position, pressures and risks for the City Corporation's finances will continue into the 2021/22 fiscal year and beyond.

**CR23 Police Funding (Current Risk: Amber – No change)**

11. The March Finance Committee agreed to reduce the risk rating from red to amber following the setting of a balanced budget for 21/22. Although previously agreed that this risk was to be re-evaluated in September, it has now been agreed that this review will take place in November. This is due to the joint City of London Police and Police Authority review of the opportunities within the CoLP budget to mitigate significant new pressures. This report is to be presented to October 2021 Police Authority Board and Budget Bilateral, alongside assumed reinstatement of £2.3m Business Rate Premium funding in 22/23. This will enable a more informed assessment of the risk to be provided in November 2021, subject to the triggers below not significantly increasing, amalgamated into the CR35 Unsustainable Medium-Term risk.

*Triggers:*

- Delays/reduction in saving
- Increase or un-mitigated deficit in CoLP MTFP
- Additional or heightened risk in Police projects e.g. Action Fraud
- Significant changes in funding sources

**CR 16 – Information Security (Current Risk: Amber – No change)**

12. All Staff Mandatory Security training has been completed between April to June 2021 - any non-compliance will be reported. A special one-off IT Cyber check paid for by LGA has been completed with a report due shortly. New PSN Health check commissioned to commence, work started on this 28th June, results will be shared and actions to ensure compliance will be followed through once the report is received.
13. A Gateway Paper is currently under review for further IT Security Investment This is a dynamic risk area and whilst the maturity of 4 is the target, the control scores will go down as well as up as threats, risks and vulnerabilities change.

**CR 29 – Information Management (Current Risk: Amber – No change)**

14. This risk has previously not been reported to finance committee as it is a risk owned by the Town Clerk but has been reported to Digital Services Sub Committee due to the IT division's involvement so has also been included here for information. New business intelligence dashboards continue to be developed for improved decision making by the Corporate Strategy and Performance team. An updated Information Management Asset register has been populated for the organisation. Plans are being developed for moving unstructured data from Shared Drives to SharePoint is being developed.

**CHB IT 004 Business Continuity (Current Risk: Amber – No change)**

15. All services have now been migrated into Azure. Agilisys Business Continuity /Disaster Recovery plan has now been provided and is being reviewed internally and will form the basis of the COL IT BCDR Plan. The Gate Way 5 has been sent for approval, the project is poised to start immediately. A project is underway to replace and install new UPSs to the comms rooms/data centres which will provide greater resilience during intermittent power outages.

**CHB IT 031 IT Revenue Budget (Current Risk: Red – Previously Amber)**

16. A plan has been developed and a governance process is in place enabling tracking and corrective action to be taken. A review of the plan is required to be actioned every 2 weeks. Reviewing all the contracts and services to ensure they are in line with corporation needs and negotiating with suppliers to secure better value for money. Server and storage costs are also being reviewed to optimise the environments ensuring we are.

17. At Month 5, it is estimated that the IT Department will not be within budget at year end. Whilst continuing review of different spend items is being undertaken it is not expected that these will be sufficient, with an estimated overspend of at least £400k.

**Appendices**

- Appendix 1 Chamberlain's Department Detailed Risk Register

**Background Papers**

Monthly Reports to Finance Committee: Finance Committee Risk

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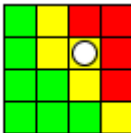
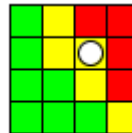

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# CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Hayley Hajduczek

Generated on: 09 September 2021



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR23 Police Funding Page 22	<p><b>Cause:</b> Reduction in government funding, workforce costs and growing demand in Policing services leading to pressures for the City Fund -Police.</p> <p><b>Event:</b> Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget</p> <p><b>Effect:</b> Potential impact on security and safety in the City as need to make savings, prioritise activity, review funding City of London Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan.</p>	<p>Likelihood</p>  <p>Impact</p>	12	<ul style="list-style-type: none"> <li>The inherent Police MTFP pressures have grown in respect of Action Fraud extension and re-procurement and for the known or expected reduction in grants for Counter-Terrorism, TFL and Bank of England.</li> <li>CoLP and Police Authority are assessing mitigation opportunities for Police Authority Board and Budget Bilateral in October 2021, with a further update to follow in January 2022 which will take account of the Spending Review outcomes and 22/23 police funding settlement for CoLP.</li> </ul> <p>This will enable a more informed update of CR23 to be undertaken for November 2021, including assessment of the whether or not it can be amalgamated with CR35, with the specific Police MTFP risk being</p>	<p>Likelihood</p>  <p>Impact</p>	12	31-Jan-2022	

21-Nov-2016 Caroline Al-Beyerty; Ian Dyson				devolved to the Police Authority risk register. <b>06 Sep 2021</b>				Constant
							Accept	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR23g	Implement sustainable medium-term financial settlement for CoLP: - Revenue position, Capital financing	Loan based capital financing model implemented for 20/21. Balanced budget set for 21/22. Joint CoLP / Police Authority review of the opportunities within the CoLP budget to mitigate significant new pressures to be presented to October 2021 Police Authority Board and Budget Bilateral, alongside assumed reinstatement of £2.3m Business Rate Premium funding in 22/23. This will enable a more informed assessment of the risk to be provided in November 2021. Further update then to be provided in January 2022, taking account of Spending Review outcomes and 22/23 Police Funding Settlement for CoLP.	Alistair Cook	06-Sep-2021	31-Jan-2022








Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR 35a	A reduction in key income streams and increase in bad debt	This is being monitored monthly, with action being taken to reduce spend where possible. Budget forecast for 21/22 includes reduced income, with recovery profiled across the medium term.	Sonia Virdee	06-Sep-2021	31-Mar-2022
CR 35b	To reduce strain on cash flow.	<ul style="list-style-type: none"> <li>The Corporation remains very liquid and the outlook for near term cash flows is robust.</li> <li>Cash flowing modelling for major commitments is being carried out. The Corporation received £200m in July 2021 representing the second (and final) tranche of private placement monies for City's Cash.</li> </ul>	James Graham; Sonia Virdee	06-Sep-2021	31-Mar-2022
CR 35c	Increased expenditure related to COVID measures- maximise recovery from government <i>Triggers:</i> <ul style="list-style-type: none"> <li>Any changes to funding arrangements below the baseline</li> </ul>	<ul style="list-style-type: none"> <li>Maximising recovery from government- spend is being coded and monitored. Total claim of £11.9m for lost fees &amp; charges income on City Fund has been submitted of which £5.3m has been received.</li> <li>Furloughing workers where appropriate has been done recovering £4m to end of January.</li> </ul>	Sonia Virdee	07-Sep-2021	31-Mar-2022
CR 35d	Inability of occupiers to pay rates as their income falls as business models are damaged. A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. The Corporation is currently benefitting from growth in business rates retained income of c£40m. Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool. <i>Triggers</i> <ul style="list-style-type: none"> <li>Change to business rate reset (further deferral will result in a positive impact).</li> <li>Shift from commercial to residential (hot off the press).</li> <li>Reduction in Rateable Value (the risk is minimal).</li> <li>Changes to methodology in business rate calculations.</li> <li>Alternative funding sources e.g. sales tax.</li> </ul>	<ul style="list-style-type: none"> <li>Monthly monitoring in place. The impact of COVID-19 has been to lower the collection rate for business rates. The 20/21 collection rate was 3% down on the previous year, an improvement on the 5% previously reported. 21/22 collection to date has been in line with pre-COVID level.</li> <li>The Govt is also allowing authorities to spread the impact of 20/21 business rate deficits over 3 years and introduced a tax compensation scheme, for which CoL will receive £8.3m. Residual collection fund deficit will need to be factored into the MTFP.</li> <li>Business Rate appeals linked to COVID have been ruled out due to Govt legislation, but we are seeing an increase in appeals on other grounds.</li> <li>Impacts will continue to be monitored.</li> </ul>	Phil Black	06-Sep-2021	31-Mar-2022
CR 35e	Impact on investments: securities/property <i>Triggers:</i> <ul style="list-style-type: none"> <li>Increase in loss of income over £5m p.a.</li> </ul>	<ul style="list-style-type: none"> <li>The values of the three main financial investment portfolios have continued to grow steadily</li> <li>The total value of the investment property portfolios has declined by c 4% to £4.05bn.</li> <li>COL's Pension Fund contributions are fixed until 2023, providing some protection, whilst the diversified asset allocation strategies and use of active management across all three funds should continue to deliver some stability if general market moves become extreme again.</li> </ul>	Nicholas Gill; James Graham	07-Sep-2021	31-Mar-2022

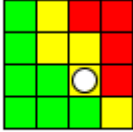
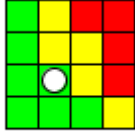
		<ul style="list-style-type: none"> <li>• Our voids have not increased significantly, the latest vacancy report, as at 1st December, showed our vacancy rate was 2.52%, which was lower than the City vacancy rate of 5.1% and the West End vacancy rate of 5.9%. There was a slight increase of 15,232 sq ft in vacant space from 1st June to 1st December.</li> <li>• The total annual rental income from the investment property portfolio for 2021/22 is estimated to reduce from £123.656m (December 2020 quarter estimate) to £121.787m (March 2021 quarter estimate).</li> <li>• The total arrears for the investment property portfolio as at 28th May 2021 stand at 17.74% against a target of 1% which is equivalent to £32.3m.</li> </ul>			
CR 35f	Impact on the MTFP	<ul style="list-style-type: none"> <li>• Lower investment income modelled into MTFP, plus one year retention of business rate growth anticipated in 22/23.</li> <li>• Sums to mitigate risk are being held in Reserves- £30m on City Fund and £20m on BHE. Already drawing down on City's Cash Financial Investments by £530.6m across the planning horizon to 2024/25 (which is sustainable given modelling of balance sheet recovery). Further modelling sees an increase upto £709m between 2021/22 to 2025/26.</li> <li>• Update on MTFP was presented to the RASC Away Day on 13th July.</li> </ul>	Caroline Al-Beyerty; Sonia Virdee	06-Sep-2021	31-Mar-2022
CR 35h	To implement the Fundamental Review project plan-TOM <i>Triggers:</i> <ul style="list-style-type: none"> <li>• <i>Delays/Reduction to 12% savings.</i></li> <li>• <i>Delays/Reduction to fundamental review savings.</i></li> </ul>	<ul style="list-style-type: none"> <li>• An exercise is being undertaken and will continue throughout 21/22 to monitor the achievement of TOM &amp; FR savings across the corporation.</li> <li>• Deep-dive reports on departments savings will be reported to E&amp;P committee, deep dives will align with the TOM waves.</li> <li>• Monthly TOM tracker reported and scrutinised by Establishment Committee commencing September 21.</li> </ul>	Chrissie Morgan; Sonia Virdee	06-Sep-2021	31-Mar-2022

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CR16 Information Security (formerly CHB IT 030)</b>  <div>Page 27</div>	<b>Cause:</b> Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. <b>Event:</b> The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures. <b>Effect:</b> Failure of all or part of the IT Infrastructure, with associated business systems failures. Harm to individuals, a breach of legislation such as the Data Protection Act 2018. Incur a monetary penalty of up to €20M. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.	 Likelihood Impact	12	All Staff Mandatory Security training has been completed between April to July2021 - any non compliance will be reported.  New PSN Health check commissioned to commence, work started on this 28th June, results will be shared and actions to ensure compliance will be followed through once the report is received.  We are benchmarking our IT security against new standards and guidance from the NCSC. This will require new IT security investment and policies to be implemented to mitigate this risk.  <b>09 Sep 2021</b>	 Likelihood Impact	8	31-Mar-2022	Constant
							Reduce	

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
CR16j	CR16j An update IT Security Roadmap has been developed which has informed work activity for 20/21 and a capital bid for new security tools.	The staff training and awareness of IT security continues under the oversight of the Information Management Board led by our SIRO Michael Cogher. The new Security training is being rolled out to all staff. There is also Phishing exercises being undertaken with Chief Officers and Members.		Gary Brailsford-Hart	09-Sep-2021	30-Sep-2021
CR16k	Final stages of completing information security projects which will mean that we can assure Members that the City of London Corporation has implemented all the national government recommended security practices and technology achieving a maturity level of 4.	New Security Projects being planned to fit the funding of £250K that was allocated. Gateway paper will be submitted. Work being undertaking with oversight of Members considering the business case for security tools included with Microsoft E5 licences. This is to comply with new NCSC standards to position the Corporation under Best standard for our security stance and protection.		Gary Brailsford-Hart	09-Sep-2021	30-Sep-2021




CR16l	Gain assurance on understanding and mitigating our security vulnerabilities	The next PSN health check began end of June. This will be followed up by an ethical hack on premise and a business continuity desktop exercise that simulates the scenario of a successful ransomware attack by September 2021.	Matt Gosden	09-Sep-2021	30-Sep-2021
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CR29</b> <b>Information Management</b>  08-Apr-2019 John Barradell	<b>Cause:</b> Lack of officer commitment and investment of the right resources into organisational information management systems and culture. <b>Event:</b> The City Corporation's IM Strategy (2018-2023) is not fully and effectively implemented <b>Effect:</b> <ul style="list-style-type: none"> <li>• Not being able to use relevant information to draw insights and intelligence and support good decision-making</li> <li>• Vulnerability to personal data and other information rights breaches and non-compliance with possible ICO fines or other legal action</li> <li>• Waste of resources storing information beyond usefulness</li> </ul>	 Likelihood Impact	<b>12</b>	New business intelligence dashboards continue to be developed for improved decision making by the Corporate Strategy and Performance team • An updated An Information Management Asset register has been populated for the organisation.  Plan being developed for moving unstructured data from Shared Drives to Sharepoint is being developed <b>9 Sept 2021</b>	 Likelihood Impact	<b>6</b>	31-Dec-2021	 Constant
							Reduce	

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB IT 004 Business Continuity</b>  30-Mar-2017 Sean Green  Page 30	<b>Cause:</b> A lack of robust infrastructure and restore procedures are not in place on aging infrastructure. Secondly, there is a lack of resilient or reliable Power services or Uninterruptable Power Supply (UPS) provision in multiple Comms rooms and datacentres in COL and COLP buildings. <b>Event:</b> The IT Division cannot provide assurance of availability or timely restoration of core business services in the event of a DR incident or system failure. There will be intermittent power outages of varying durations affecting these areas/buildings. <b>Effect:</b> The disaster recovery response of the IT Division is unlikely to meet the needs of COL leading to significant business interruption and serious operational difficulties. <ul style="list-style-type: none"> <li>• Essential/critical Systems or information services are unavailable for an unacceptable amount of time</li> <li>• Recovery of failed services takes longer than planned</li> <li>• Adverse user/member comments/feedback</li> <li>• Adverse impact on the reputation of the IT division/Chamberlain's Department</li> </ul>	 Likelihood	8	All services have now been migrated into Azure. Agilisys BC/DR plan has now been provided and is being reviewed internally and will form the basis of the COL IT BCDR Plan. The GW5 has been sent for approval, the project is poised to start immediately.  <b>09 Sep 2021</b>	 Likelihood	4	31-Oct-2021	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 004k	RPO and RTO of Critical Apps	Find out the RPO/RTOs for all critical applications in Azure	Matt Gosden	09-Sep-2021	31-Oct-2021
CHB IT 004m	Repurpose GJR Comms Room	Review audit results, obtain quote from Red60, identify budget.	Kevin Mulcahy	09-Sep-2021	30-Sep-2021
CHB IT 004n	Produce IT-wide BC/DR Plan	The team are to develop an IT-wide BCDR Plan, including at least three critical services. This will be based on the Agilisys-specific plan which was delivered March 2021.	Matt Gosden	09-Sep-2021	31-Oct-2021
CHB IT 004O	UPS Project Delivery	PO has been provided to supplier - work will commence after holiday season.	Matt Gosden	09-Sep-2021	30-Sep-2021

# Appendix 1

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB IT 031 IT Revenue Budget</b>  10-May-2021 Sean Green	<b>Cause:</b> The IT Service is subject to a budget reduction of £1.2m in 21/22 or 12% having had this agreed in early March 2021. <b>Event:</b> The planned action programme does not deliver the required level of savings within the timeframe set by the City Corporation/Finance Committees <b>Effect:.</b> The IT budget will be overspent in 2021/22 The services provided by IT to the organisation will need to be descoped to save costs and this may have a downstream impact for the organisation to deliver successful outcomes in front line services.		16	A plan has been developed and a governance process is in place enabling tracking and corrective action to be taken. A review of the plan is required to be actioned every 2 weeks.  <b>13 Sep 2021</b>		4	31-Dec-2021	  Increasing

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB IT 031a	Complete review to quantify savings	£400k of savings have been identified, with £800k full year impact for the next FY. There are a number of savings that are awaiting negotiation and review both internally and with suppliers.			Kevin Mulcahy	09-Sep-2021	30-Sep-2021
CHB IT 031b	Prepare and execute the IT savings plan for 21/22 with agreement from relevant stakeholders in the organisation	A dedicated Project Manager and Capacity Manager has been employed to develop and drive forward the IT savings for the Corporation. This is profiled and is being discussed at monthly meetings with the Chamberlain.			Kevin Mulcahy	09-Sep-2021	30-Sep-2021

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<b>Committee</b>	<b>Dated:</b>
Finance	21 September 2021
<b>Subject:</b> City Re Limited – Performance Monitoring	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>
<b>Report author:</b> Kate Limna – Chamberlain’s Department	

## Summary

The City established a Reinsurance Captive Insurance Company (the Captive), City Re Limited, on 24 December 2010, a separate legal structure which allows the City to share in the risks and benefits of insuring its property portfolio, whilst controlling the financial exposure.

This report provides information on the claims experience and Underwriting Profit and Loss Account for the tenth accounting period of the Captive, from 1 April 2020 to 31 March 2021 and advises that the retained profit for the year is £682,504.

At its meeting on 14 June 2021, the Board of City Re Limited agreed that no dividend should be declared at the present time but that this would be reviewed at the next meeting. A further meeting was held on 8 September and the Board declared an interim dividend for the 2020/21 financial year of £500,000; they also agreed to review this at their next meeting

Included in this report is information on the governance arrangements for the Captive and of various matters discussed at the Board meetings on 14 June, including the adoption of the accounts, and the receipt of the auditors’ Management and Governance Letter and Compliance Reports.

The auditors’ Management and Governance Letter and the signed, audited Directors’ Report and Financial Statements are attached to this report.

The report also provides an update on the appointment of the City Corporation’s Directors to City Re Limited, following the retirement of the Chamberlain (Dr Peter Kane) and the appointment of Mr Ingham Clark as Chairman of the Finance Committee. Members are asked to agree that the Deputy Chairman of the Finance Committee should act as the alternate Director for the Chairman of the Finance Committee

## Recommendation

Members are asked

- (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.

## **Main Report**

### **Background**

1. The Finance Committee, at its meeting on 26 October 2010, approved the principle of establishing a Reinsurance Captive Insurance Company (the City Captive) and, on 24 December 2010, such an entity, City Re Limited, was created, based in Guernsey, where the optimum managerial and administrative expertise is located to operate such a company. The City provided initial share capital of £500,000.
2. The Captive provides a separate legal structure which allows the City to share in the risks and benefits of insuring its property portfolio, whilst controlling the financial exposure. Effectively, the Captive allows the City to participate in its own insurance placement and to capture underwriting profits with a known capped downside financial risk.
3. Since it was established in 2010 and until 2017, the City Captive has received £1.664 million per annum as the reinsurance premium from the main insurers. When the property insurance was tendered in 2016 it was on the basis that the minimum reinsurance premium payable to the City Captive would be £2.04m and that it would be fixed as a percentage (44.6%) of the annual underlying premium going forward. For the policy year December 2018 - December 2019, the reinsurance premium was £2.58m, for policy year 2019/20 the reinsurance premium was £2.61m and for 2020/21 it is £2.65m.

### **Main Characteristics of the Captive**

4. The main elements of the Captive are set out below:
  - The City Captive covers the first £250,000 of each and every property claim, effectively leaving the main insurers, RSA and Aviva, to cover any greater losses.
  - From the insuring period (25 December to 24 December) for 2020/21 the City Captive received an initial reinsurance premium of approximately £2.65m (2019/20: £2.61m), against which payments are drawn down.
  - The maximum payable (downside) by the City Captive is limited to £250,000 per annum above the reinsurance premium received from RSA and Aviva i.e. for the 2020/21 insurance period this will be £2.9m i.e. £2.65m plus £250,000 (2019/20: £2.86m).
  - The Captive does not cover any terrorism risk which continues to be covered by RSA and Aviva and re-insured with Pool Re.

### **Financial Performance for period 1 April 2020 to 31 March 2021**

5. The audited Financial Statements for the tenth trading period of the City Captive were submitted for approval and signing to a meeting of the Board of Directors held in Guernsey on 14 June 2021, and these are attached to this report. The City of London Corporation's Directors on the City Re Board, (the Chairman of the Finance Committee and the Chamberlain) attended the meeting via a conference call
6. At the meeting it was proposed that Mr Ingham Clark, as replacement Chairman (to Mr Mayhew) of the Finance Committee be appointed to the Board of City Re. It was further proposed that Mrs Al-Beyerty, as the newly appointed Chamberlain be appointed to the Board of City Re. Both appointments are subject to completion

of the necessary due diligence requirements and approval by the Guernsey Financial Services Commission. Mr Ingham Clark has completed his due diligence documentation and this has been approved by the GFSC. The documentation for Mrs Al-Beyerty has also been completed and at the time of writing, we are awaiting confirmation from the GFSC.

7. For the City's Directors, there is an alternate Director who can attend the Board meetings in the absence of either Director. Previously, the Corporate Treasurer has been the nominate alternate Director for both of the City's directors and will continue to be the alternate Director for the Chamberlain. However, going forward, it is proposed that the alternate Director for the Chairman of the Finance Committee should be the Deputy Chairman of the Finance Committee. As with the appointment of any Director, the appointment of an alternate Director is subject to the completion of the necessary due diligence requirements and approval by the Guernsey Financial Services Commission. As past Chairman and previously a Director of City Re, the current Deputy Chairman (Mr Mayhew) has passed the necessary checks and can be appointed as an alternate Director.
8. The accounts also include an 'Incurred But Not Reported' (IBNR) loss reserve of £125,000 (2019/20: £125,000). The Directors consider, on an annual basis, whether to release the IBNR by the close of the following accounting period. At the Board meeting the Directors discussed in detail the level of the IBNR and whether the consistent, prudent but not excessive reserves policy of City Re Ltd remained appropriate. The Directors agreed that the IBNR should be set at £125,000.
9. For the accounting period, City Re Limited achieved a retained profit of £ 682,504 (2019/21: £1,130,616). Under the Companies (Guernsey) Law 2008 and the Guernsey Insurance Business (Solvency) Rules 2015, and in order for the Captive to be able to carry out its business there are two solvency ratios that must be met - the Prescribed Capital Requirement (PCR) and the Minimum Capital Requirement (MCR). The Board noted that no breaches of solvency had occurred and that City Re continued to meet the solvency test.
10. The Board considered whether or not to declare a dividend. After due consideration of the finances and solvency position of City Re, the Board agreed that no dividend would be declared at this time and that consideration to a dividend would be given at the next meeting, depending on the financial performance at that time.
11. A further meeting was held on 8 September and after considering the finances and solvency position, the Board agreed to declare an interim dividend of £500,000 and to consider the position again at the next meeting
12. When the Captive was set up the City Corporation provided share capital of £500,000 and it was always recognised that there would be "good periods" and "not so good periods" and in 2018/19 the City injected a further £250,000 as share capital (total share capital is now £750,000). Since its inception, the City Corporation has received dividends totalling some £3.53m. The level of dividend demonstrates the value for money in our insurance placement as without a captive the net premium costs may have been higher and the City would not have received the dividends. The table below sets out the dividends received in each financial year since inception.

<b>Year</b>	<b>Dividend</b>
2019/20	£500,000
2018/19	£0
2017/18	£0
2016/17	£161,341
2015/16	£140,984
2014/15	£830,013
2013/14	£92,569
2012/13	£810,883
15 months to 31/03/12	£997,747
	£3,533,537

### **Auditor's Management and Governance Letter and Company Compliance**

13. Moore Stephens are the auditors for City Re Limited and they have issued their Management and Governance Letter which stated that there were no material issues arising during the course of their audit that required being brought to the attention of the Board
14. As in previous years the audited Directors' Report and Financial Statements will be made available as a distinct item on the City of London Corporation's website following this Finance Committee Meeting.

### **Update on Captive Markets in London**

15. When reporting on City Re Ltd last year a Member raised a query as to why the Corporation had not sought to place this business in London, given the City's role as a champion of the UK's Financial Services sector. Members were advised that captive insurance is not offered in London which is why we have placed our business within the leading jurisdiction for captives which allows the City Corporation to discharge the value for money test on placing its insurance business.
16. A similar point was raised in Court in December 2020. By way of an update the Director of Innovation & Growth has advised that the broking community advises companies to place their captives in the most efficient way including capital requirements. However the City is supporting the LMG, International Underwriting Association (IUA) and others in advocating for onshoring captives, using them as part of the competitiveness agenda, and to have them included in the response to Solvency 2. Even if our lobbying is successful it will take some time for a new regime to be implemented, allowing captives in London to thrive.
17. The Board of City Re Limited have noted that should legislation change in relation to Captive Insurance then the Company may seek to move the domicile of the Company to the UK.

## **Conclusion**

18. At their Board meeting on 14 June 2021, the Directors of City Re Limited

- confirmed that the IBNR should be set at £125,000;
- noted that no breaches of solvency had occurred and that City Re continued to meet the solvency test; and
- agreed that no dividend should be declared at the present time but that this would be reviewed at the next meeting.

At a subsequent Board meeting (held on 8 September) the Directors declared an interim dividend of £500,000 and agreed to review the position at the next meeting.

## **Appendices**

- Appendix – Auditors' Management and Governance Letter and Financial Statements to 31 March 2021

### **Kate Limna**

Corporate Treasurer

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Our Ref: 65985

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Company Number: 65985

17 June 2021

The Directors  
City Re Ltd  
PO Box 155  
Mill Court  
La Charroterie  
St Peter Port  
GY1 4ET

Dear Directors,

**CITY RE LIMITED (THE 'COMPANY')  
MANAGEMENT AND GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The purpose of this letter is to provide the directors with constructive observations arising from the audit process. We set out below details of any expected modifications to our audit report, details of any uncorrected misstatements in the financial statements (except any misstatements which are clearly trivial) including the effect of uncorrected misstatements related to prior periods on the current period, any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures, and any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to below may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of City Re Limited
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.

**Independence**

The engagement team and the firm have complied with relevant ethical requirements regarding independence. There are no relationships between the firm, network firms and the Company that may reasonably be thought to affect our independence.

**Expected modifications to the audit report**

We do not expect to make any modifications to our audit report. However, our responsibilities with regard to the audit report extend up to the date on which it is signed and we will advise you of any changes to this position if necessary.

**Unadjusted misstatements**

There were no unadjusted misstatements noted during the audit, excluding those that we consider to be trivial.

### **Qualitative aspects of accounting practice and financial reporting**

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We have discussed with you the following observations:

- The appropriateness of the accounting policies to the particular circumstances of the company;
- The timing of transactions and the period in which they are recorded;
- The appropriateness of accounting estimates and judgements, (for example, in relation to the IBNR), including the consistency of assumptions and degree of prudence reflected in the accounting records;
- The potential effect on the financial statements of any uncertainties including significant risks and disclosures, such as pending litigation that are required to be disclosed in the financial statements.
- Material uncertainties, if any, related to events and conditions that may cast significant doubt on the company's ability to continue as a going concern;
- The extent to which the financial statements are affected by any unusual transactions during the period, if any, and the extent to which such transactions are separately disclosed in the financial statements;
- Apparent misstatements in the directors' report, if any, or material inconsistencies with the audited financial statements, if any;
- Disagreements about matters that, individually or in aggregate, could be significant to the company's financial statements or the auditor's report, if any. These communications include consideration of whether the matters, if any, have or have not been resolved and the significance of the matters.
- Significant matters, if any, arising from the audit that we discussed, or subject to correspondence with management; and written representations the auditor is requesting from management.

### **Accounting system and internal controls**

During the course of our audit of the financial statements for the above year we examined the principal internal controls which the directors have established to enable them to ensure, as far as possible, the accuracy and reliability of the company's accounting records and to safeguard the company's assets.

We are pleased to report that there are no significant weaknesses in control which came to our notice during the audit.

### **Concluding remarks**

We shall be pleased to supply you with any further information you may require.

Yours faithfully,



**Moore Stephens Audit and Assurance (Guernsey) Ltd**



# **CITY RE LIMITED**

**Directors' Report and Financial Statements**

**For the year ended 31 March 2021**

# CITY RE LIMITED

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# CITY RE LIMITED

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## CORPORATE INFORMATION

### DIRECTORS:

Mr G A Hollingsworth  
Mr S A Le Prevost  
Dr P R Kane (Resigned 30 April 2021)  
Mr J Mayhew (Resigned 6 May 2021)

### INSURANCE MANAGER:

Marsh Management Services Guernsey Limited  
Mill Court  
La Charroterie  
St Peter Port  
Guernsey  
GY1 4ET

### SECRETARY:

Marsh Management Services Guernsey Limited  
Mill Court  
La Charroterie  
St Peter Port  
Guernsey  
GY1 4ET

### REGISTERED OFFICE:

PO Box 155  
Mill Court  
La Charroterie  
St Peter Port  
Guernsey  
GY1 4ET

### AUDITOR:

Moore Stephens Audit and Assurance (Guernsey) Limited  
Town Mills South  
La Rue Du Pre  
St Peter Port  
Guernsey  
GY1 1LT

# CITY RE LIMITED

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## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2021.

### INCORPORATION

The Company was incorporated in Guernsey, Channel Islands on 20 December 2010 with registered number 52816. It operates in accordance with the provisions of The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002 to carry out general insurance business, excluding domestic business.

### ACTIVITIES

The principal activity of the Company during the year was to provide re-insurance protection to the RSA Group on the risks associated with material damage and loss of rent for the City of London's property portfolio.

### RESULTS

The results for the year are shown on page 8.

### DIVIDENDS

During the year a dividend was proposed and paid in the sum of £500,000 (2020: Nil).

### DIRECTORS

The directors of the Company who held office during the period are detailed on page 3.

### DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

### AUDITOR

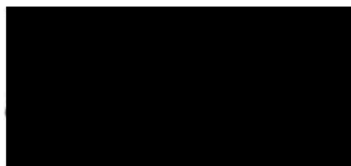
The Auditor, Moore Stephens, has indicated its willingness to continue in office and offers itself for re-appointment at the forthcoming Annual General Meeting.

### GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They have considered the risks of the Covid-19 pandemic and do not consider that it will materially affect the going concern of the Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Approved by the Board of Directors and signed on behalf of the Board

Director:



Date:

14 June 2021

Director:



# CITY RE LIMITED

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## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY RE LIMITED**

### **Opinion**

We have audited the financial statements of City Re Limited for the year ended 31 March 2021 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

No material misstatements have been identified in the directors' report. In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are, to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtain an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are UK Generally Accepted Accounting Practice and have been prepared in accordance with The Companies (Guernsey) Law, 2008 and The Insurance Business ( Bailiwick of Guernsey) Law, 2002
- We obtain an understanding of how the company complies with these requirements by discussions with management.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management as to any know instances of non-compliance or suspected non-compliance with laws and regulations.
- We assessed the information to be submitted to the GFSC together with the audited financial statement and confirmed that the information was appropriate and materially correct.

Based on the understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and obtaining additional corroborative evidence as required.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

We assessed the information to be submitted to the GFSC together with the audited financial statement and confirmed that the information was appropriate and materially correct.

**MOORE STEPHENS AUDIT AND ASSURANCE (GUERNSEY) LIMITED**

Date: 17/6/21

# CITY RE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

		31 Mar 2021	31 Mar 2020
	Notes	£	£
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>			
Gross premiums written	2	2,734,127	2,705,557
Change in unearned premium provision	2	( 38,590)	( 14,565)
<b>Premium earned for the year</b>		<b>2,695,537</b>	<b>2,690,992</b>
<b>UNDERWRITING EXPENSES</b>			
Claims payable	2	( 1,567,262)	( 1,631,236)
Claims reserve movement - outstanding loss reserves	2	( 288,533)	213,589
Commission	2	( 80,861)	( 80,730)
<b>Total underwriting expenses</b>		<b>( 1,936,656)</b>	<b>( 1,498,377)</b>
<b>UNDERWRITING RESULT FOR THE YEAR</b>		<b>758,881</b>	<b>1,192,615</b>
Interest income	2	8,411	28,495
Administrative expenses	6	( 74,395)	( 73,276)
<b>PROFIT BEFORE TAXATION AND COMMISSION</b>		<b>692,897</b>	<b>1,147,834</b>
Profit commission payable	2	( 10,393)	( 17,218)
<b>PROFIT BEFORE TAXATION</b>		<b>682,504</b>	<b>1,130,616</b>
Taxation	5	-	-
<b>RETAINED PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>682,504</b>	<b>1,130,616</b>

The notes on pages 12 to 19 form part of these financial statements.



# CITY RE LIMITED

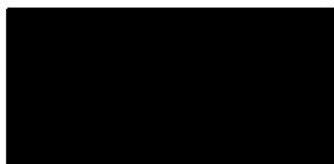
## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

	Notes	31 Mar 2021 £	31 Mar 2020 £
<b>CURRENT ASSETS</b>			
Deferred commission		60,165	59,007
Insurance receivables		5,291	-
Prepaid expenses		15,851	15,700
Cash and cash equivalents		7,271,924	7,154,220
<b>TOTAL ASSETS</b>		<b>7,353,231</b>	<b>7,228,927</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital	7	750,000	750,000
Retained earnings		1,411,667	1,229,163
<b>TOTAL EQUITY</b>		<b>2,161,667</b>	<b>1,979,163</b>
<b>LIABILITIES</b>			
Trade and other payables	8	219,830	605,153
<b>TECHNICAL RESERVES</b>			
Unearned premium reserve	2	2,005,504	1,966,914
Claims reserves	9	2,966,230	2,677,697
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,353,231</b>	<b>7,228,927</b>

These financial statements were approved by the Board of Directors at a meeting on 14 June 2021

Signed on behalf of the Board of Directors

Director



Director



The notes on pages 12 to 19 form part of these financial statements.

# CITY RE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	Retained Earnings £	Total £
<b>Balance at the 31 March 2019</b>	<b>500,000</b>	<b>98,547</b>	<b>598,547</b>
Additional share capital received in the year	250,000	-	250,000
Total comprehensive loss	-	1,130,616	1,130,616
<b>Balance at the 31 March 2020</b>	<b>750,000</b>	<b>1,229,163</b>	<b>1,979,163</b>
<b>Balance at the 31 March 2020</b>	<b>750,000</b>	<b>1,229,163</b>	<b>1,979,163</b>
Dividend paid during the year	-	( 500,000)	( 500,000)
Total comprehensive income	-	682,504	682,504
<b>Balance at the 31 March 2021</b>	<b>750,000</b>	<b>1,411,667</b>	<b>2,161,667</b>

The notes on pages 12 to 19 form part of these financial statements.

# CITY RE LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	31 Mar 2021 £	31 Mar 2020 £
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	682,504	1,130,616
Less interest income	( 8,411)	( 28,495)
Increase in unearned premiums	38,590	14,565
Increase in insurance receivables	( 5,291)	-
(Decrease) / increase in prepaid expenses	( 151)	1,190
(Decrease) / increase in trade and other payables	( 385,323)	344,083
Increase /(decrease) in claims reserves	288,533	( 213,589)
Decrease in deferred income	( 1,158)	( 437)
<b>Net cash inflow from operating activities</b>	<b>609,293</b>	<b>1,247,933</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	8,411	28,495
<b>Net cash from investing activities</b>	<b>8,411</b>	<b>28,495</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in share capital	-	250,000
Dividend paid during the year	( 500,000)	-
<b>Net cash from financing activities</b>	<b>( 500,000)</b>	<b>250,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>117,704</b>	<b>1,526,428</b>
Cash and cash equivalents brought forward	7,154,220	5,627,792
<b>Cash and cash equivalents carried forward</b>	<b>7,271,924</b>	<b>7,154,220</b>

The notes on pages 12 to 19 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 1. BASIS OF PREPARATION

The company is a limited company, limited by shares and is incorporated in Guernsey. The address of its registered office is PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET.

The principal activity of the company is to provide reinsurance protection to the RSA Group on the risks associated with the material damage and loss of rent insurance programmes of the City of London property investment portfolio.

The financial statements have been prepared in accordance with The Insurance Business (Bailiwick of Guernsey) Law, 2002, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

### 2. PRINCIPAL ACCOUNTING POLICIES

These financial statements are prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS102 and FRS103 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

#### *(a) Going concern*

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They have considered the risks of the Covid-19 pandemic and do not consider that it will materially affect the going concern of the Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *(b) Gross premiums written*

Gross premiums written is in respect of the provision of reinsurance protection to RSA Insurance Group Plc on the risks associated with material damage and loss of rent insurance programmes of the City of London portfolio.

#### *(c) Unearned premiums*

Unearned premium represents the proportion of premium which has been pre-paid for the following financial period.

#### *(d) Claims*

Claims are accounted for on an accruals basis. Provisions made for the cost of outstanding claims reported at the reporting date are included in the outstanding loss reserve. The estimate for the cost of claims incurred but not reported ("IBNR") is included in the IBNR reserve. The current IBNR is in the sum of £125,000 is determined by the Board of Directors using both historical data and any data available up to the approval of the financial statements, in relation to the provision of new claims and deterioration of existing claims.

#### *(e) Commission*

Fronting fees calculated as 3% of gross premiums written is payable to RSA Insurance Group Plc and are earned over the related policy period.

Profit commission calculated as 1.5% of the profit before tax in the financial period is payable to JLT Insurance Management (Guernsey) Limited.

#### *(f) Interest income*

Interest income is accounted for on an accruals basis.

#### *(g) Cash and cash equivalents*

Cash and cash equivalents comprise bank balances, short term fixed deposits and short term notice accounts.

# CITY RE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2021

### 3. FINANCIAL INSTRUMENTS

#### Financial Assets

Basic financial assets, including debtors and cash and cash equivalents, are initially recognised at transaction price, and are subsequently carried at amortised cost.

#### Debtors arising out of insurance operations

Debtors arising out of insurance operations consist of balances due from the insurer in respect of outstanding premiums.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. None of the financial assets at the year end are deemed to be impaired.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### Financial liabilities

All financial liabilities are initially recognised at transaction price and are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

#### Creditors arising out of insurance operations

Creditors arising out of insurance operations consist of balances due to the insurer in respect of outstanding claims payable.

#### Offsetting

Financial assets and liabilities are not offset in the accounts and the gross amounts are shown in the financial statements.

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate.

# CITY RE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2021

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies. Whilst the directors consider that the gross provision for claims are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the financial statements for the period in which the adjustments are made.

#### Outstanding loss reserves.

The carrying amount of the reserve is £2,841,230 (2020: £2,552,697). There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The level of provision has been set on the basis of the information that is currently available, including potential outstanding loss advices, experience of development of similar claims and on the advice of expert loss adjusters where appropriate.

#### IBNR

The current IBNR is in the sum of £125,000 (2020: £125,000) is determined by the Board of Directors using both historical data and any data available up to the date of approval of the financial statements, in relation to the provision of new claims and deterioration of existing claims.

### 5. TAXATION

The Company is taxed at the standard rate of income tax for Guernsey companies of 0%.

### 6. ADMINISTRATIVE EXPENSES

	31 Mar 2021	31 Mar 2020
	£	£
Management fees	51,912	52,038
Audit fees	5,930	5,730
Directors' fees	7,465	7,515
Company registration fees	5,675	6,146
Directors and officers insurance premium	2,683	1,178
Sundry expenses	730	669
	<b>74,395</b>	<b>73,276</b>

### 7. SHARE CAPITAL

	31 Mar 2021	31 Mar 2020
	£	£
<b>ISSUED SHARE CAPITAL</b>		
500,000 GBP1 Ordinary Shares	<b>750,000</b>	<b>750,000</b>

#### Dividends

Shareholders of ordinary shares are entitled to receive dividends declared by the Company.

#### Capital

On winding up of the assets of the Company, the holder of ordinary shares is entitled to repayment of the nominal amount paid thereon. Any surplus is attributable to holders of ordinary shares pro rata in proportion to the number of ordinary shares.

#### Voting rights

Ordinary shares carry one vote per shareholder at general meetings.

# CITY RE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2021

### 8. TRADE AND OTHER PAYABLES

	31 Mar 2021	31 Mar 2020
	£	£
Claims payable	201,298	573,667
Profit commission	10,393	17,218
Audit fees	6,000	6,000
Directors and officers premium	84	51
Insurance balances payable	-	6,127
Directors' fees	2,055	2,090
	<b>219,830</b>	<b>605,153</b>

### 9. CLAIMS RESERVES

	31 Mar 2021	31 Mar 2020
	£	£
IBNR reserve	125,000	125,000
Outstanding loss reserves	2,841,230	2,552,697
	<b>2,966,230</b>	<b>2,677,697</b>

### 10. FINANCIAL RISK MANAGEMENT

The Company is exposed to a range of financial risks through its financial assets, financial liabilities and policyholder liabilities. The most important components of these financial risks are market risk (interest rate risk), credit risk, currency risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below.

#### a) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company manages the levels of credit risk it accepts by limiting its exposure to a single counterparty, or groups of counterparty. Such risks are subject to regular review by the Board of Directors.

The assets bearing credit risk and their associated credit ratings are shown below:

	31 Mar 2021	31 Mar 2020
	£	£
<i>Assets bearing credit risk</i>		
Cash and cash equivalents	<b>7,271,924</b>	7,154,220
<i>By Rating</i>		
A rated	<b>7,271,924</b>	7,154,220

No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

#### b) Liquidity risk

Liquidity risk is the risk that the company cannot meet its obligations associated with financial liabilities as they fall due. The company has adopted an appropriate liquidity risk management framework for the management of the company's liquidity requirements. The company manages liquidity risk by maintaining banking facilities and monitoring premiums due and by continuously monitoring the forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The company is exposed to liquidity risk arising from its insurance activities. Liquidity management ensures that the company has sufficient access to funds necessary to cover insurance liabilities and expenses. All financial liabilities are due to be settled within the next twelve months.

There were no significant changes to the company's liquidity risk exposure in the financial year nor the objectives, policies and processes for managing liquidity risk.

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2021

### 10. FINANCIAL RISK MANAGEMENT (Continued)

#### *c) Interest rate risk*

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its bank deposits, cash and cash equivalents and cash flows. At 31 March 2021 the Company had various interest bearing accounts bearing interest rates ranging from 0.10% to 0.45% (2020: 0.10% to 0.65%).

During the year to 31 March 2021, if Bank of England interest rates had been 50 basis points higher with all other variables held constant, profit for the year would have been increased by £36,360 (2020: £35,771), as a result of interest received on cash and cash equivalents. However if Bank of England interest rates had been 50 basis points lower with all other variables held constant, no interest would have been received therefore a decrease to profit for the year by £8,411 (2020: £28,495).

The following are the underlying assumptions made in the model used to calculate the effect on profits and other components of equity:

- The bank balances at 31 March 2021 formed the basis of the calculation.
- A 50 basis point charge on these principal balances reflects the absolute increase or decrease in profit that could arise with such an interest rate movement. The directors have chosen the estimate of 50 basis points as this reflects the directors best estimate of the change in interest rates which could reasonably be expected to occur.

#### *d) Currency risk*

The company manages their foreign exchange risk by currently ensuring all commercial transactions or recognised assets and liabilities are denominated in its functional currency.

#### *e) Concentration risk*

Concentration risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Board does not feel that the company is exposed to significant concentration risk at the current time.

### 11. MANAGEMENT OF INSURANCE RISK

The principal risk that the Company faces under its insurance contracts is that the actual claims are significantly different to the amounts included in the technical reserves. This could occur because the frequency or severity of claims and benefits are greater or lower than estimated. Insurance events are fortuitous and the actual number and amounts of claims may vary from year to year from the estimate established.

The Company provides re-insurance protection to the RSA Insurance Group Plc on the risks associated with material damage and loss of rent for the City of London's property portfolio. The re-insurance protection is limited to a maximum liability of £250,000 for each and every loss with an aggregate limit equal to £250,000 in excess of net written premium.

All risks covered under the insurance policy are within the United Kingdom.

#### Claims development tables

The claims development table that follows shows claims reported per underwriting year which remain open in the respective policy year.



# CITY RE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2021

### 11. MANAGEMENT OF INSURANCE RISK (Continued)

*Claims development table at 31 March 2021*

<u>Underwriting year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
accounting period end	427,179	201,400	188,840	223,724	837,927	495,995	189,228	360,520	2,924,813
one year later	1,361,059	1,350,481	1,543,888	1,436,816	2,172,013	1,511,546	1,897,176	-	11,272,979
two years later	1,411,703	1,239,357	1,643,108	1,603,168	2,240,475	1,431,278	-	-	9,569,089
three years later	1,526,623	1,150,662	1,858,804	1,525,342	2,281,671	-	-	-	8,343,102
four years later	1,496,967	1,130,234	2,085,243	1,531,492	-	-	-	-	6,243,936
five years later	1,846,640	1,125,270	1,906,249	-	-	-	-	-	4,878,159
six years later	1,846,640	1,125,270	-	-	-	-	-	-	2,971,910
seven years later	1,846,640	-	-	-	-	-	-	-	1,846,640
Current estimate of cumulative claims	1,846,640	1,125,270	1,906,249	1,531,492	2,281,671	1,431,278	1,897,176	360,520	12,019,776
Cumulative payments to	(1,754,410)	(1,124,274)	(1,795,162)	(1,423,191)	(1,760,428)	(1,033,889)	(626,796)	(20,916)	(9,539,066)
<b>Statement of Financial Position Reserves</b>	<b>92,230</b>	<b>996</b>	<b>111,087</b>	<b>108,301</b>	<b>521,243</b>	<b>397,389</b>	<b>1,270,380</b>	<b>339,604</b>	<b>2,841,230</b>

The Company has currently provided for an Incurred but not Reported Reserve in the sum of £125,000 (2020: £125,000) which has been agreed by the Board.

# CITY RE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2021

### 12. CAPITAL MANAGEMENT

The Company defines capital in accordance with regulations prescribed by the Guernsey Financial Services Commission ("GFSC"). The Company's capital consists of:-

	31 Mar 2021	31 Mar 2020
	£	£
Share Capital	750,000	750,000
Retained earnings	1,413,038	1,229,163
Capital to meet Minimum Capital Requirements	2,163,038	1,979,163
Adjustments	-	-
Capital to meet Prescribed Capital Requirements	<u>2,163,038</u>	<u>1,979,163</u>

Its objectives when managing capital are:

- i) to comply with legal and statutory obligations and maintain capital resources commensurate with the nature, scale and risk profile of its business;
- ii) to provide a framework for monitoring the financial and capital position of the Company, including the procedures to be followed during periods of general financial distress, either due to internal or external events; and
- iii) to safeguard the Company's ability to continue as a going concern.

Under the rules prescribed by the GFSC, the Company must at all times maintain assets of a value sufficient to cover its liabilities, including liabilities arising under or in connection with contracts of insurance and that there is a suitable matching of assets and liabilities.

Under the current regulations, the GFSC rules require the Company to maintain a surplus of admissible assets over its liabilities which is at all times at least higher than both its MCR and PCR. The MCR represents the point at which the regulator would invoke the strongest action, while the PCR is the level of capital above which no action is required, with varying degree of action required if capital lies between MCR and PCR.

As at 31 March 2021, the Company held a surplus of £1,565,059 above its MCR requirement of £596,608 and a surplus of £1,301,672 above its PCR requirement of £859,995.

Management information to monitor the Company's capital requirements and solvency position is produced and presented to the Board on a regular basis ensuring that the Company meets its capital requirements at all times.

### 13. TECHNICAL PROVISIONS

Technical provisions arising from insurance contracts are included in these financial statements as follows:

	31 Mar 2021	31 Mar 2020
	£	£
Gross		
Unearned premium reserve	2,005,504	1,966,914
IBNR provision	125,000	125,000
Outstanding loss reserves	2,841,230	2,552,697
Total technical provisions, gross	<u>4,971,734</u>	<u>4,644,611</u>

Provisions for claims reported are estimated using the latest available information which comprises up to date reports from the claims handlers, loss adjusters and fronting insurers, on that basis there are no significant assumptions impacting on the level of the claims other than the assumption that the information used is complete and accurate.

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2021

### 14. RELATED PARTY DISCLOSURE

The parent Company and ultimate controlling party which has interests in 100% (2020: 100%) of the issued share capital of the company is the City of London Corporation, the municipal body of the City of London, acting in its City's Cash capacity.

#### *Key management personnel of the company*

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £7,465 (2020: £7,515).

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Committee(s)	<b>Dated:</b>
Finance Committee	6 September 2021
<b>Subject:</b> Financial Services Division – Quarterly Update	<b>Public</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	N
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> Chamberlain's	<b>For information</b>
<b>Report author:</b> Caroline Al-Beyerty – Chamberlain's	

## Summary

Highlights from the last three months have included:

- Production of the 2021/22 draft accounts for all funds (noting oversight of Bridge House Estate's (BHE) accounts has moved over to the BHE Board);
- Planning for the 2022/23 budget setting process and Medium-Term Financial Planning;
- Progressing grant awards for the COVID Recovery Fund for local/curb-side businesses within the square mile;
- Progression in the 'Finance for the Future' workstreams, especially improvements in modelling capability on the major projects; and
- Kick off for workshops to shape the specification of the ERP system replacement.

KPIs show that business rate collection has exceeded expectations in difficult circumstances, with an in-year Q1 collection rate for 2021/22 of 44% compared with 43.11% in 2020/21 and 48.10% in 2019/20 - a drop of only 4.1% on the comparable pre-COVID position. Commercial rent collection for Q1 is 88% compared to target 98% – as a result of the pandemic.

## Recommendation

Members are asked to note the report.

## Main Report

### Current Position

The last five months has been a productive period for the Finance team, with the production of the 2021/22 draft accounts and commencement of the audits; ongoing work relating to the COVID Recovery Fund; planning for the 2022/23 budget process and underpinning bilateral meetings; and continued work on the Finance for the Future

workstreams to improve outcomes within the team and to its customers. Chamberlain's Court reopened for business in person 17 August 2021. The Clerk and Deputy Clerk have been admitted around 90 people in the first 3 weeks of reopening, with only 5 ceremonies carried out virtually.

Chamberlain's staff are returning to the office a minimum of two days a week. Capacity of the office will shortly move from 40% to 60% bringing more desks back into action and allowing more colleagues to book desks on a given day.

### **20/21 Closing Accounts Update**

1. Statutory deadlines for City Fund draft and final accounts have moved from 1 June and 31 July to 1 August and 30 September for the next two accounting years (2020/21 and 2021/22).
2. The draft City Fund accounts were published on 30 July, in line with the statutory deadline. Despite meeting the published deadline for City Fund and completing draft accounts for City's Cash, there has been a late start to the audit of City Fund and City's Cash accounts. The audit is progressing with close oversight by the Assistant Director and weekly closing meetings across the division to address challenges as they arise.
3. As previously flagged by our external auditors there will be a delay in completing the City Fund audit, which won't achieve the 30<sup>th</sup> September deadline. This is due to resource constraints linked to delivery of last year's audits which were delayed due to the pandemic coupled with additional audit requirements. The audit sector more widely is highlighting a capacity issue in delivering to the revised local authority accounts publication deadlines; and London Audit Chairs discussed this issue with CIPFA and the Local Government Association at their April meeting, discussions are on-going.
4. Although BDO has commenced the audit for BHE, the Audit Partner has been absent from the start of the audit with the Audit Manager now also absent. This has caused further delays in completing the audit for both City's Cash and BHE in line with agreed timelines. Discussions are on-going with BDO as we wait for revised timeframes and a solution to replace the current Audit Partner. The Chairmen of Finance, Audit & Risk Management Committees and the BHE Board have written to BDO to secure a revised delivery timetable, given the serious reputational impact that any delay has on various Funds of the City Corporation.

### **2022/23 budget setting**

5. Guidance notes were issued to Chief Officers on 3 August on the assumptions for budget setting (based on the steer from the Resource Allocation Sub Awayday); and on 19 August for the Bilateral meetings underpinning the budget setting process. Bilaterals between Service Committee Chairmen and the Chair(men) of Policy and Resources and Finance and their Deputies will commence in September and run through to October. It is expected that conversations will cover the following 5 key areas:
  - i) 2021/22 and 2022/23 budget setting:

- a. Progress in securing the 12% savings– measures for 2021/22 and full delivery for 2022/23.
    - b. Progress with the TOM and capturing savings secured through post reduction.
  - ii) Medium term outlook- key political initiatives, service direction and progress with fundamental review.
  - iii) What these savings mean on the ground for service delivery and assurance that efficiencies have actively been secured before any reduction in service delivery.
  - iv) Using the opportunity to improve service outcomes within a reduced financial envelope - to what extent are departments and Service Committees doing things differently?
  - v) Capital needs and latest thinking on use of Corporation assets in line with Corporate objectives.
6. Outputs from the bilateral meetings regarding the 12% savings (including TOM) tracker will be reported to your Efficiency and Performance Sub Committee. Furthermore, the TOM tracker and associated costs relating to the delivery of the TOM will be reported to the Establishment Committee.

### **Corporate Treasury Update**

- 7. The Insurance Team are currently tendering for the property insurance and the fine art insurance (both with a renewal date of 25 December). All the insurance policies with a renewal date of 24 June were successfully placed. The Banking and Investment team are currently tendering the Investment Consultant contract for the non-property investments for the Pension Fund, City's Cash and Bridge House Estates.
- 8. On 14 July City's Cash took receipt of the second tranche of private placement (market) debt of £200m. These funds have been invested in line with the City Corporation's 2021/22 Treasury Management Strategy Statement.

### **Business Rates & Grants**

- 9. Business Rates collection has exceeded expectations in difficult circumstances, with an in-year collection rate for 2020/21 of 94.37% compared with 97.36% in 2019/20. Collection for 2021/22 remains strong with an increase from 43.11% in 2020/21 to 44% in Q1 2021/22.
- 10. The Business Rate Team has administered the Expanded Retail and Hospitality Relief for 2021/22 with 100% relief continuing to apply for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022.
- 11. The Team have finalised assessing and paying the various Government Business Support Grants. All Business Support Grants were paid by the end of July 2021.

## **COVID Recovery Fund**

12. April saw the launch of the £50m COVID Recovery Fund for local/curb-side businesses within the square mile. Corporate Treasury and Revenues teams have worked to assess the grants and as at the end of August, 216 applications have been approved with nearly £9.5m paid.
13. Two Corporate Asset Recovery firms continue to review applications to the fund. This review ensures that the businesses we are supporting will be viable in 6-12 months. The firms give their recommendations and the Corporation makes the final decision.
14. The scheme closed to new application at the end of July 2021 but payments may be made until end of January 2022.

## **Finance for the Future (FSD Transformation) workstreams**

15. The work of the Finance for the Future Workstreams is continuing. Work is continuing at pace of the Strategic Financial Analysis capability workstreams, with the markets project model entering into the testing phase. A training programme for the development of modelling skills of our accountants is planned for launch in the summer.
16. An internal review of the capital processes has been commenced, with the initial recommendations shared with the Assistant Director for consideration. The intention of this workstream is to create efficiencies and reduce double handling across the Financial Services Division. The findings and outcomes of the review will also be considered as a part of the requirements build for the new ERP system.

## **ERP Oracle Project**

17. A Project Board chaired by the Chamberlain has been established to oversee the delivery of the ERP Project from design to procurement and throughout delivery and implementation.
18. A Members Steering Group has also been appointed from key Committees to provide oversight and steer to the Project Board. Meetings are in the process of being set up for 2021/22.
19. Workshops to develop specification for going to market kicked off in early September, with an initial meeting of the colleagues across the organisation to ensure our new system aligns to the goals of the Corporation.

## **Freedoms**

20. The Chamberlains Court have returned to conducting ceremonies from mid-August. As we recover from the pandemic and return to the workplace the



Chamberlain's Court has put the following precautions in place in line with Corporation's cautious approach to the return:

- Reduced the numbers of guests invited to each ceremony.
- Reduced number of ceremonies in one day so that guests are less likely to pass one another.
- Move to digital by default approach, specifically card only payments in Chamberlain's Court, streamlined application process with online payments, document verification undertaken virtually.

21. The waiting list for ceremonies has significantly increased due to most applicants preferring to receive their Freedom in person. This will be partially eased by conducting ceremonies at Livery Halls whereby more Freemen are admitted together, in a single ceremony. The team are working to produce further plans to reduce waiting list numbers.
22. The Court has continued to operate with reduced capacity, conducting 700 ceremonies and 1000 applications, the Clerk has also attended virtual livery dinners to give speeches.
23. A new Freedom applications system is currently being tested by the team. The new software will manage freedoms administration providing the ability for statistical analysis as well as digitalising formerly manual processes. Users of the new system are to be provided with an enhanced experience when completing the application process. The system will provide increased resilience replacing an old heritage system which is no longer fit for purpose.
24. As the current Court Clerk prepares for retirement this raises a need to recruit to the position. A job description is now being prepared for the recruitment pending approval of the Chamberlain's structure under TOM.

## **KPI Scorecard- other matters**

*The Score card reflects the 2021/22 Financial Year*

## **Appendices**

- Appendix 1 – Chamberlain's KPI Scoreboard

## **Contact:**

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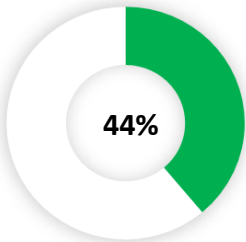
# Chamberlains KPI Scoreboard

As at 8th September 2021



## Business Rates collection 21-22

% collected (cumulative)



Quarter 1

Target 28%

TBC

Quarter 2

Target 58%

TBC

Quarter 3

Target 89.25%

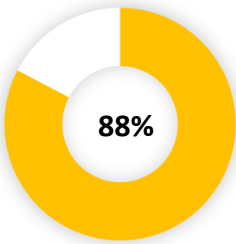
TBC

Quarter 4

Target 99%

## Commercial Rent Collection 21-22

% collected



Quarter 1

Target 98%

TBC

Quarter 2

Target 98%

TBC

Quarter 3

Target 98%

TBC

Quarter 4

Target 98%



Publication of the Draft City Fund Accounts within Statutory Deadline of 31st July

**COMPLETE**



Publication of Audited accounts on 30<sup>th</sup> September

**AT RISK**



Publication of City's Cash and BHE Accounts

**AT RISK**

**IN PROGRESS (updates to July Committee)**

Effective financial management: expenditure against departmental local risk budgets +/- 5% at year end

**ACHIEVED FOR 21/22**

Delivery of a balanced budget and Medium-Term Financial Plan for City Fund, approved by Court of Common Council by 31 March



Professionally qualified accountancy staff as a % of total finance staff undertaking reporting, controls and decision support processes (measured annually)

**TARGET 25%** Page 67

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<b>Committee(s):</b> Finance Committee	<b>Dated:</b> 21 September 2021
<b>Subject:</b> Central Contingencies 2021/22	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	N
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Amanda Luk, Senior Accountant, Financial Services Division	

## Summary

This report has been produced to provide Members with an update on the Central Contingencies 2021/22 uncommitted balances.

Since the last report to Committee in July, a sum of £25,000 from the National and International Disaster Fund has been donated to the British Red Cross to support the International Federation of the Red Cross in its aid effort in response to the earthquake in Haiti.

## Recommendation

Members are asked to:

- Note the Central Contingencies 2021/22 uncommitted balances

## Main Report

### Background

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.

2. In addition to the Central Contingencies, the Committee has a specific City's Cash Contingency of £125,000 to support humanitarian disaster relief efforts both nationally and internationally.

### Current Position

3. The uncommitted balances that are currently available for 2021/22 are set out in the table below.

2021/22 Central Contingencies – Uncommitted Balances 07 July 2021			
	City's Cash	City Fund	Total
	£'000	£'000	£'000
<b>Contingencies</b>			
2021/22 Provision	950	800	1,750
2020/21 Brought forward	0	206	206
<b>Total Provision</b>	<b>950</b>	<b>1,006</b>	<b>1,956</b>
Previously agreed allocations	(510)	(429)	(939)
Pending recommended allocation	0	0	0
Pending request on the agenda	0	(142)	0
<b>Total Commitments</b>	<b>(510)</b>	<b>(429)</b>	<b>(939)</b>
<b>Uncommitted Balances</b>	<b>440</b>	<b>435</b>	<b>1,017</b>
<b>National and International Disasters</b>			
Total Provision	125	0	125
Previous allocations	(50)	0	(50)
<b>Uncommitted Balance</b>	<b>75</b>	<b>0</b>	<b>75</b>

4. A contingency of £50,000 is held by Bridge House Estates (BHE) for requests relating to activities that affects all three funds, enabling this Committee to consider the impact of the total request. The BHE Board would approve its portion of any such joint project. To date in 2021/22, there have been no requests for joint funding that affects all three funds. All requests specific to BHE only are considered solely by the BHE Board.
5. At the time of preparing this report, there is one request for funding on the non-public agenda from the City Fund contingency for a sum of £142,000.
6. As agreed at this Committee's April meeting, the proposal to carry forward a sum of £206,000 from 2020/21 to 2021/22 for the City Fund Contingency to ensure that a full year's provision is available during 2021/22. The Chamberlain in consultation with the Chair and Deputy Chairman of the Resource Allocation Sub Committee approved the carry forward on 28<sup>th</sup> June. A paper will be reported on carry forwards to the Resource Allocation Sub Committee for information in September.

7. The sums which the Committee has previously allocated from the 2021/22 contingencies are detailed in Appendix 1.
8. Since the last report to Committee in July, a sum of £25,000 from the National and International Disaster Fund has been donated to the British Red Cross to support the International Federation of the Red Cross in its aid effort in response to the earthquake in Haiti.

## **Conclusion**

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

## **Appendices**

- Non- Public: Appendix 1 – Allocations from 2021/22 Contingencies

### **Amanda Luk**

Senior Accountant

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<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee	21 September 2021
<b>Subject: Report of (public) Action taken under DA or Urgency procedures since the last meeting of the Committee</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	Y/N
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of: Town Clerk</b>	<b>For Information</b>
<b>Report author:</b> John Cater, Committee Clerk, Finance Committee	

## Summary

This report advises Members of urgent and/or delegated public action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders No. 41(a) and 41(b).

## Recommendation

Members are asked to note the report.

## Main report

### **Subject: International Disasters Fund (IDF) Haiti Earthquake Appeal (Delegated Authority – 19<sup>th</sup> August)**

#### **Background**

The City of London holds a contingency fund in its City's Cash budget, allocated to the International Disasters Fund (IDF) administered by the Finance Committee. The IDF has an annual budget of £125,000. Prior to this request, one donation totalling £25,000 had been made in 2021/22, with £100,000 remaining.

#### **Haiti Earthquake Appeal**

On Saturday 14<sup>th</sup> August, a powerful earthquake struck Haiti, 12km northeast of the town of Saint-Louis du Sud. Registering a magnitude of 7.2, tremors were felt hundreds of kilometres away in Jamaica and Cuba. It was the strongest earthquake to hit the country since 2010, when a 7.0 magnitude earthquake devastated the capital city of Port-au-Prince. With significant aftershocks, so far over 2,000 people have been reported killed and thousands more injured. Buildings collapsed with damage reported to homes, hotels and major infrastructure like roads and bridges,

especially in the cities of Jérémie and Les Cayes on the southern peninsula of the country.

Reports also came in of churches collapsing while the morning mass was being celebrated. At least two hospitals have been almost completely destroyed with many others sustaining severe damage. Already stretched by the Covid-19 pandemic, remaining hospitals are now struggling to cope with the influx of injured patients.

Early assessments indicate that at least 700,000 people could be directly affected by damage from the earthquake. The situation has been severely impacted by the arrival of Tropical Storm Grace on Monday. With homes and hotels destroyed, many will be in need of urgent shelter. Strong winds and rainfall are disrupting the aid effort on the ground, with further support needed urgently to support communities cut off by the storm.

### **The Red Cross Response**

Within hours of the earthquake, local Red Cross teams in Haiti had already begun to support the critical response in affected areas. Haitian Red Cross staff and volunteers are supporting search and rescue efforts, helping local authorities and communities to pull survivors from the rubble. Red Cross teams have also begun to conduct rapid assessments to understand the full impact of the earthquake and the needs of communities affected. To provide support as quickly as possible, the International Federation of the Red Cross (IFRC) is also mobilising pre-positioned supplies in the region, including hygiene kits, jerry cans and mosquito nets, to be distributed to those in need.

**RESOLVED** – That the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approved a donation of £25,000 to the British Red Cross to support the International Federation of the Red Cross in its aid effort in response to the earthquake in Haiti.

### **Contact:**

John Cater

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

020 7332 1407

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