



Finance Committee

Date: TUESDAY, 12 OCTOBER 2021

Time: 1.45 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL AND 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 Edhem	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 (Ex-Officio Member)
Angus Knowles-Cutler	Christopher Hayward (Ex-Officio Member)
Gregory Lawrence	Deputy Tom Sleigh (Ex-Officio Member)

Enquiries: John Cater
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john.cater@cityoflondon.gov.uk

Lunch will be available for Members (upon request) in the Guildhall Club before the meeting

Please note that this meeting will be live streamed to:

<https://youtu.be/OfDAL0LwYHk>

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 21st September 2021.
For Decision
(Pages 5 - 10)
4. **FINANCE COMMITTEE'S FORWARD PLAN**
Joint Report of the Town Clerk and the Chamberlain.
For Information
(Pages 11 - 12)
5. **REPORT OF THE WORK OF THE SUB-COMMITTEES**
Report of the Town Clerk.
For Information
(Pages 13 - 16)
6. **RISK MANAGEMENT - TOP RISKS**
Report of the Chamberlain.
For Information
(Pages 17 - 30)
7. **Q2 BUDGET MONITORING**
Report of the Chamberlain.
For Information
(Pages 31 - 40)
8. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.
For Information
(Pages 41 - 44)
9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

11. **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

12. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 21st September 2021.
For Decision
(Pages 45 - 50)
13. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.
For Information
(Pages 51 - 54)
14. **IMPLEMENTING THE OUTCOMES OF THE CHARITY REVIEW AND STRENGTHENING THE COORDINATION OF PHILANTHROPIC GIVING ACROSS THE CITY OF LONDON CORPORATION**
Report of the Managing Director of Bridge House Estates & Chief Charities Officer.
For Decision
(Pages 55 - 62)
15. **CONFIDENTIAL APPENDIX TO CENTRAL CONTINGENCIES REPORT (ITEM 8)**
To be read in conjunction with Item 8.
For Information
(Pages 63 - 66)
16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Part 3 - Confidential Agenda

18. **CONFIDENTIAL MINUTES**
To agree the confidential minutes of the meeting held on 21st September 2021.

For Decision

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FINANCE COMMITTEE

Tuesday, 21 September 2021

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

Present

Members:

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

Officers:

John Cater	- Committee Clerk
Caroline Al-Beyerty	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Sonia Virdee	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Dionne Corradine	- Chief Strategy Officer
Sean Green	- Chamberlain's Department
Hayley Hajduczek	- Town Clerk's Department
Sanjay Odedra	- Communications Team
Douglas Trainer	- Deputy Town Clerk
Emma Moore	- Chief Operating Officer
Oliver Watling	- City Procurement

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Deputy Clare James, Gregory Lawrence, Oliver Lodge, Deputy Catherine McGuinness, Benjamin Murphy, Ian Seaton, and Deputy Tom Sleigh.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

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

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

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

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

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

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

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

RESOLVED – that the Committee noted the Report.

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

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

RESOLVED – that the Committee noted the Report

6. **RISK MANAGEMENT - TOP RISKS**

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

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

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

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

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

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

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

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

RESOLVED – that the Committee noted the Report.

7. CITY RE LIMITED - PERFORMANCE MONITORING

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

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

RESOLVED – that the Committee:

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

8. FSD QUARTERLY UPDATE

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

RESOLVED – that the Committee noted the Report.

9. CENTRAL CONTINGENCIES

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

RESOLVED – that the Committee noted the report.

10. DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES

The Committee received a report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders 41(a) and 41(b). The decision related to a donation of £25,000 via Finance Committee's International Disaster Fund to the British Red Cross' Haiti Earthquake Appeal.

RESOLVED – that the Committee noted the report.

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

There were no questions.

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

13. EXCLUSION OF THE PUBLIC

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

14. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b) **Request for Delegated Authority**

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

23. **SENIOR OFFICER RECRUITMENT**

The Committee received a Report of the Chief Operating Officer.

The meeting ended at 3.19 pm

Chairman

Contact Officer: John Cater
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DRAFT

FINANCE COMMITTEE – WORK PROGRAMME 2021 – changes to the September iteration highlighted in yellow

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22 – Pre Election Period
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	Q2 Budget monitoring Implementing the outcomes of the Charity Review		Capital Projects- Forecasting	Q3 Budget monitoring		
Financial Statements		City's Cash Financial Statements Open Spaces and sundry trust annual reports and financial statements	City fund and pension fund statement of accounts			
Finance Committee as a Service Committee	Central Contingencies Risk Management - Monthly Report	Central Contingencies Risk Management - Monthly Report IT Division Q Update City Procurement Q Update Update on Supplier Diversity Action Plan Responsible Procurement Policy Commitments and high level action plan	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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Committee(s)	Dated:
Finance Committee	12 October 2021
Subject: Report of the Work of the Sub-Committee(s)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	Y/N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Town Clerk	For Information
Report author: 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 21st September 2021:

Finance Grants Oversight and Performance Sub-Committee – 21st September 2021

Central Grants Unit – Update Report

Members received a report of the Managing Director of BHE and Chief Charities Officer providing an update on the work of the Central Grants Unit (CGU).

The Head of CGU reported that CGU had, in the first quarter of the year, overseen grant-making of around £2 million, and it is expected that this could reach £5 million by the end of the financial year. The expansion in funding is partly due to the success generated by imbedding the CIL Neighbourhood Fund. The Resource Allocation Sub-Committee has agreed a pause to larger applications to the Fund. This is to allow applications to the Fund to continue for a number of years to come. A new timetable for grant-making will be brought to Policy and Resources at the beginning of next year. Members were advised that, while the £5m figure would be a one-off due to the distribution of the CIL Fund, the release of funds from the Charity Review would allow grant-making to continue while the CIL was drawn down.

The Head of CGU also reported on the work CGU had done relating to the International Disaster Fund. The Unit continued to work with the Chairman and Deputy Chairman of the Finance Committee to ensure that they can respond to international incidents. Members agreed that it would be useful to have some further information on how the International Disaster Fund can be improved.

Corporate Asset Sub-Committee – 30th September 2021

2021 / 22 Energy Performance Q1 Update

The Sub-committee received a report presenting 2021/22 Quarter 1 energy performance for City Corporation operational sites.

It was highlighted to Members how the report presented energy performance seen over the last quarter, with a 16% reduction seen against the previous 12 months as a result of multiple factors. Members noted how the paper brought forward a new recommendation that Corporate Property Group energy targets align to the City Corporation's Climate Action Strategy. It was confirmed that good progress was being made towards completion of the PSDS Projects.

It was further explained that the City Corporation had mobilised surveys at the City Corporation's top 15 sites and these were underway and would look to deliver recommendations in Quarter 4. The Centre for Excellence bid for resources in support of the Climate Action Strategy went out last month, but this had received a nil return in the first pass and there was now an ongoing negotiation for a variation bid from two of the bidders. Members noted that a Sustainability Consultant had been brought in to provide an extra layer of assurance and support in managing delivery of Climate Action Strategy projects this autumn.

Members were offered an update on the current energy market and the City Corporation's solution in responding to this. Members noted how the City Corporation had moved to a purchasing in advance strategy, which had allowed for hedging of buying electricity and gas over the last six months and the City Corporation achieving a rate that compares favourably to the current market conditions. The City Corporation was able to mitigate against the large increases seen in energy prices over the last twelve months. The City Corporation's current contract would go through until September 2022, with consideration already underway through a Procurement Partner to identify a good point in the market to start beginning procurement for the twelve months after that.

A Member questioned what confidence officers had in current contract partners in surviving the current turmoil in the energy market. It was explained how the City Corporation's current power and gas supplier was relatively well protected from impacts on domestic supply, with it only supplying commercially and not being impacted by domestic price caps. The supplier was heavily involved in power generation to help with its margins and was also a worldwide organisation with over 130,000 employees, with the smaller domestic suppliers being impacted by the current turmoil in the market.

RESOLVED: That Members: -

- Note new carbon and energy targets for the Corporate Property Group (CPG), derived from the Climate Action Strategy Targets.
- Note the progress of £9.4m from BEIS Grant, covering 100% of capital investment needed for the PSDS project.

- Note good progress towards the completion of PSDS projects.

Recommendations

The Committee is asked to note the report.

John Cater

Senior Committee Services Officer, Town Clerk's Department

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Committee(s)	Dated:
Finance Committee	12 October 2021
Subject: Chamberlain’s & Chief Operating Officer’s Departmental Risk Management – Monthly Report	Public
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chamberlain & Chief Operating Officer	For Information
Report author: Hayley Hajduczek, Chamberlain’s Department	

Summary

This report has been produced to provide Finance Committee with an update on the most significant risks faced by the Chamberlain’s and Chief Operating Officer’s departments.

There are currently no red risks on the Corporate Risk Register within the responsibility of Chamberlain & Chief Operating Officer. There are no RED risks on the Chamberlain’s department risk register and one RED risk currently listed on the Chief Operating Officer’s departmental risk register. Following the last committee, no triggers for CR35 have been tripped to date.

The Chamberlain’s and Chief Operating Officer’s Senior Leadership Teams continue to monitor closely the progress being made to mitigate all risks on the risk register (appendix 1).

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 and City Procurement from the Chamberlain, so this report has been written jointly by both departments.

Current Position

1. This report provides an update on the current risks that exist in relation to the operations of the Chamberlain's & Chief Operating Officer's departments. It is to be noted that there are currently no RED risks on the Chamberlain's risk register, however close monitoring continues for all risks. As of this update CR35 Unsustainable Medium-Term Finances risk has remained with a risk score of 12 (amber). There has been no event to cause a trigger (as agreed by this committee) to increase this score. This risk continues to be closely monitored over four main areas against agreed triggers highlighted below.

Business Rates

Triggers:

- a. Change to business rate reset a further deferral will result in a positive impact.
- b. Shift from commercial to residential.
- c. Reduction in Rateable Value.
- d. Changes to methodology in business rate calculations.
- e. 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.

2. The Chief Operating Officer's Department has 1 RED risk on its risk register. The current position is provided below.

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

3. 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 continues to be actioned every 2 weeks. £400k of savings have been identified, with £800k full year impact for the next FY if the savings are achieved.
4. There are a number of savings that are awaiting negotiation and review both internally and with suppliers. Given the cost pressures on the IT budget specifically the costs of Compute and Storage, the savings have been consumed in the financial year and the net in year saving is only £100k. There are some areas of one-off savings that the team are now exploring with Finance colleagues.

Conclusion

5. Members are asked to note the actions taken by Chamberlain's Department and Chief Operating Officer's Department to manage all risks. Actions aim to continue monitoring and reducing the risk level and will be reported on at future Finance Committees.

Appendices

- Departmental Risk Register

Background Papers

Quarterly Reports to Finance Committee: Finance Committee Risk

Hayley Hajduczek

Business Support Manager
Chamberlain's Department

T: 020 7332 1033

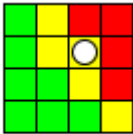
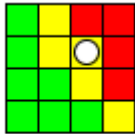

E: Hayley.Hajduczek@cityoflondon.gov.uk

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Hayley Hajduczek

Generated on: 29 September 2021



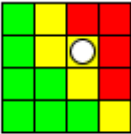
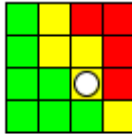

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR23 Police Spending Page 20	<p>Cause: Reduction in government funding, workforce costs and growing demand in Policing services leading to pressures for the City Fund -Police.</p> <p>Event: Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget</p> <p>Effect: 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	<p>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.</p> <p>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.</p> <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. 29 Sep 2021				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	29-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	29-Sep-2021	31-Mar-2022
CR 35b	To reduce strain on cash flow.	<ul style="list-style-type: none"> The Corporation remains very liquid and the outlook for near term cash flows is robust. 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. 	James Graham; Sonia Virdee	29-Sep-2021	31-Mar-2022
CR 35c	Increased expenditure related to COVID measures-maximise recovery from government <i>Triggers:</i> • <i>Any changes to funding arrangements below the baseline</i>	<ul style="list-style-type: none"> Maximising recovery from government- spend is being coded and monitored. Total claim of £11.9m for 20/21 lost fees & charges income on City Fund. This scheme has been extended to cover Q1 of 21/22 and a claim is currently being calculated. Estimate value of £1-2m Furloughing workers where appropriate has been done recovering £6.6m to end of June 21. 	Sonia Virdee	30-Sep-2021	31-Mar-2022
Page 23 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> • <i>Change to business rate reset (further deferral will result in a positive impact).</i> • <i>Shift from commercial to residential (hot off the press).</i> • <i>Reduction in Rateable Value (the risk is minimal).</i> • <i>Changes to methodology in business rate calculations.</i> • <i>Alternative funding sources e.g. sales tax.</i>	<ul style="list-style-type: none"> 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. 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 received £8.3m. Residual collection fund deficit will need to be factored into the MTFP. 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. Impacts will continue to be monitored. 	Phil Black	29-Sep-2021	31-Mar-2022
CR 35e	Impact on investments: securities/property <i>Triggers:</i> • <i>Increase in loss of income over £5m p.a.</i>	<ul style="list-style-type: none"> The values of the three main financial investment portfolios have continued to grow steadily. 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. 	Nicholas Gill; James Graham	29-Sep-2021	31-Mar-2022

		<ul style="list-style-type: none"> • The total value of the investment property portfolios equates to £4.1bn (a decrease of circa 4% from last year, largely attributable to the Corona virus pandemic). • The House Fund, Bridge House Estates, City's Estate and City Fund all outperformed the MSCI benchmark return and universe return over a 3 , 5, 7, 10 and 27 year period. • The total annual rental income from the investment property portfolio for 2021/22 is estimated to increase to £122.187m (June 2021 quarter estimate) from £121.787m (March 2021 quarter estimate). Over the 4 year forecast period the total rents are expected to increase to some £136.257m. • The investment property portfolio vacancy rate as at 1st June 2021 represents 3.45% which is lower than the City and West End vacancy rate of 7.3% (as reported by JLL). There was a slight increase of 19,774 sq.ft. in vacant space from 1st December 2020 to 1st June 2021. • The total arrears for the investment property portfolio as at June 2021 quarter day -1 stand at 13.52% or £24.635m (against a target of 1%). The Government Moratorium against taking enforcement action for non payment of rent etc has been extended through to March 2022, making recovery difficult. The latest arrears as at June quarter day plus 70 days show a slight fall at 13.35% or £23.83m (against estimated annual billing of £178.4m). 			
CR 35f	Impact on the MTFP	<ul style="list-style-type: none"> • Lower investment income modelled into MTFP, plus one year retention of business rate growth anticipated in 22/23. • 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. • Update on MTFP was presented to the RASC Away Day on 13th July and 30th September. 	Caroline Al-Beyerty; Sonia Virdee	30-Sep-2021	31-Mar-2022
CR 35h	To implement the Fundamental Review project plan-TOM <i>Triggers:</i> <ul style="list-style-type: none"> • <i>Delays/Reduction to 12% savings.</i> • <i>Delays/Reduction to fundamental review savings.</i> 	<ul style="list-style-type: none"> • An exercise is being undertaken and will continue throughout 21/22 to monitor the achievement of TOM & FR savings across the corporation. • Deep-dive reports on departments savings will be reported to E&P committee, deep dives will align with the TOM waves. • Monthly TOM tracker reported and scrutinised by Establishment Committee commencing September 21. 	Sonia Virdee	29-Sep-2021	31-Mar-2022

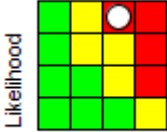


Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030) May-2019 Emma Moore	Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures. Effect: 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	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 28 Sep 2021	 Likelihood	8	31-Mar-2022	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
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 undertaken 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	28-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	28-Sep-2021	30-Sep-2021

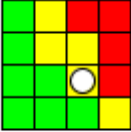
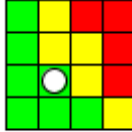

CR16m	Work on a simulated cyber attack is being planned with the IT Security Team	This is test defences and how we would respond to a cyber attack such as ransomware	Matt Gosden	28-Sep-2021	31-Dec-2021
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Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR29 Information Management 28-Apr-2019 John Barradell	Cause: Lack of officer commitment and investment of the right resources into organisational information management systems and culture. Event: The City Corporation's IM Strategy (2018-2023) is not fully and effectively implemented Effect: <ul style="list-style-type: none"> • Not being able to use relevant information to draw insights and intelligence and support good decision-making • Vulnerability to personal data and other information rights breaches and non-compliance with possible ICO fines or other legal action • Waste of resources storing information beyond usefulness 	 Likelihood Impact	12	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 There is no dedicated resources to support Information Management and data analysis in the organisation. Unless resourcing is reviewed under the new TOM this situation will not change 28 Sep 2021	 Likelihood Impact	6	31-Dec-2021	
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR29a IM awareness	Ensure that CoL has the necessary awareness, tools and, skills to manage information effectively	Information Management Campaign successfully deployed. Work on the role of IM in the new TOM has begun with the TOM consultants.	Sean Green	28-Sep-2021	31-Dec-2021
CR29f IM Strategy implementation	Ensure officers can implement the data retention policy and data discovery requirements from GDPR	Gateway paper being prepared for the Data Discovery tool.	Sean Green	28-Sep-2021	31-Dec-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
CHB IT 031 IT Revenue Budget 10-May-2021 Sean Green	Cause: 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. Event: The planned action programme does not deliver the required level of savings within the timeframe set by the City Corporation/Finance Committees Effect:. 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.	 Likelihood	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. 28 Sep 2021	 Likelihood	12	31-Dec-2021	 Constant

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 if the savings are achieved. There are a number of savings that are awaiting negotiation and review both internally and with suppliers. Given the cost pressures on the IT budget in particular with Compute and Storage the savings have been consumed in the financial year and the net in year saving is only £100k. There are some areas of one off savings that we are now exploring with Finance colleagues.	Kevin Mulcahy	28-Sep-2021	31-Mar-2022
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	28-Sep-2021	31-Dec-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
CHB IT 004 Business Continuity 30-Mar-2017 Sean Green Page 29	Cause: 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. Event: 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. Effect: 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"> • Essential/critical Systems or information services are unavailable for an unacceptable amount of time • Recovery of failed services takes longer than planned • Adverse user/member comments/feedback • Adverse impact on the reputation of the IT division/Chamberlain's Department 	 Likelihood Impact	8	All services have now been migrated into Azure. The Agilisys BC/DR plan has now been provided. This and a review of the Critical Applications and Services list will form the basis of the COL IT 28 Sep 2021	 Likelihood Impact	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 and match to Critical Apps and Services	Matt Gosden	28-Sep-2021	31-Oct-2021
CHB IT 004m	Repurpose GJR Comms Room	Review audit results, obtain quote from Red60, identify budget.	Kevin Mulcahy	28-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	28-Sep-2021	31-Oct-2021
CHB IT 004O	UPS Project Delivery	PO has been provided to supplier - work has commenced, with a project team from Red60 on board.	Matt Gosden	28-Sep-2021	31-Oct-2021

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Agenda Item 7

Committee	Dated:
Finance Committee	12 October 2021
Subject: Revenue Budget Monitoring to August 2021	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Information
Report author: Amanda Luk, Senior Accountant, Financial Services Division	

Summary

The overall forecast year-end position at Period 5 is £7.8m worse than budget. This comprises adverse variances of £7.0m (3%) on Chief Officer Cash Limited Budgets and £0.8m (3%) on Central Risk Budgets.

The adverse variances on Chief Officer budgets is largely caused by the delay in the implementation of the target operating model, consequently a number of departments are working on savings measures to bring forecasts back within budgets over the coming months.

On central risk the adverse variances are due to reduced rental income. However, this does not increase the Medium-Term Financial Plan risk rating from amber to red.

This report has been prepared based on the new Chief Officer structure. Please note parts of the sub-structure is yet to be finalised and therefore may change in future reports to Committee.

This report covers City Fund, City's Cash and Guildhall Admin only. Revenue budget monitoring on Bridge House Estate (BHE) and their City Bridge Trust grant giving is now reported to the BHE Board.

Chief Officer Cash Limited Budgets

The year-end forecast for Chief Officer Cash Limited Budgets is an overspend of £7.0m against the latest approved budget of £229.2m. This includes significant forecast overspends across a number of Chief Officers.

Central Risk Budgets

At Period 5 the year-end Central Risk Budgets are forecast to be £0.8m worse than the latest approved budget of £29.2m. This principally relates to Property Investment Income which is forecasting lower rental income.

Fund Position

The overall (Local and Central Risk) forecast year-end position is £7.8m worse than budget with Guildhall Administration apportioned across the two funds gives adverse positions of £3.1m on City Fund and £4.7m on City's Cash.

A fuller review will be carried in October on the Period 6 position in preparation for any revised budget estimates in the annual budget cycle.

Recommendation(s)

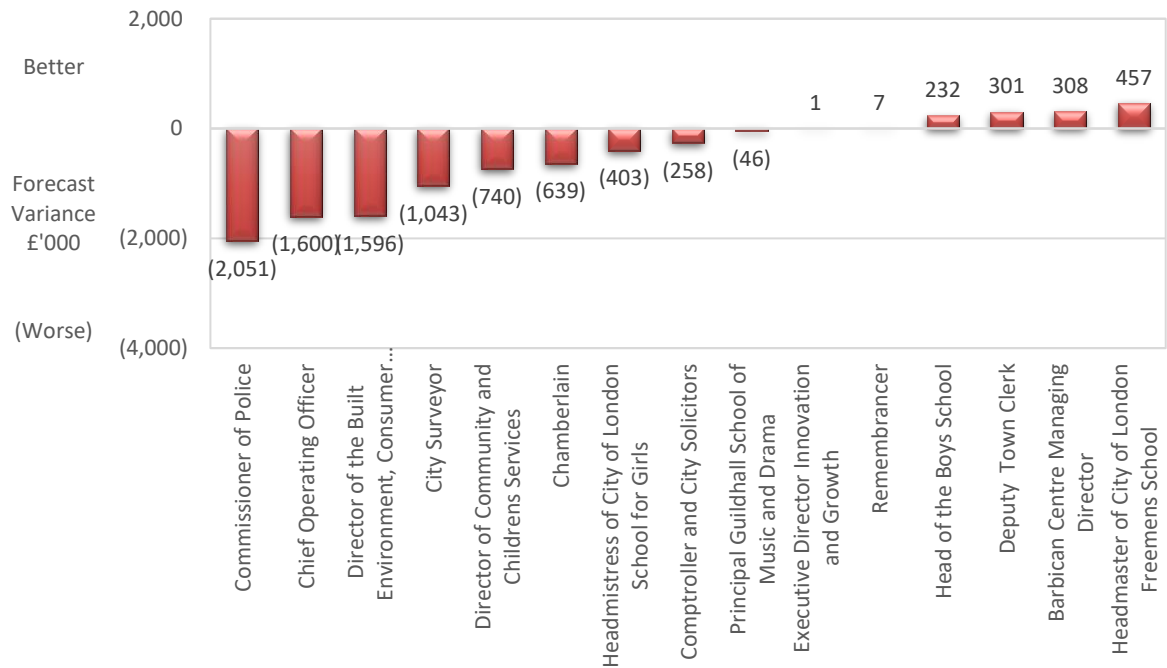
Members are asked:

- i. to note the report.

Main Report

Chief Officer Cash Limited Budgets

1. The year-end forecast is an overspend of £7.0m against the latest approved budget of £229.2m.
2. The forecast position comprises:
 - a. an adverse variance of £5.6m against budgeted expenditure of £510.5m attributable to the multiple Chief Officers.
 - b. an adverse variance of £1.5m attributable to the City of London School for Girls and the Director of Built Environment, Consumer Protection and Open Spaces against budgeted income of £281.2m.
3. Chief Officer variances against net local risk budgets are shown in the below chart and are addressed in the following paragraphs. Appendix 2 provides income and expenditure budget variances by Chief Officer.



4. The City of London Police are forecasting an overspend of £2.1m by the end of the year. The overspend is primarily due to estate costs of £1.0m following the consolidation of Police Sites and an overspend of £1.0m on IT recharges to City of London Police from the Corporation. This is being carefully monitored and work is being taken to reduce this to budget by year-end, option to draw down from Police reserves at yearend is available if needed.
5. The Chief Operating Officer is forecasting an overspend of £1.6m at year end. This is due to delay in TOM implementation. One off savings are being secured largely through holding vacancies and the new management team is working on further savings plans. This comprises an overspend of £1.0m on expenditure which is linked to the IT budgets savings plans. £0.4m of savings has been identified, with £0.8m of this having a full year impact on for the next Financial Year if the savings are achieved. The remaining £0.8m is linked to Corporate HR, where savings are being identified as part of the TOM work and vacancies are being held as far as possible.
6. The Director of Built Environment, Consumer Protection and Open Spaces is forecasting a overspend of £1.6m. This is primarily due to the 12% Target Operating Model savings still to be identified and allocated to specific budgets. There is also a forecasted overspend due to a reduction in Penalty Charge notice income, primarily as a result of the Judicial review of Beech Street restrictions. Initiatives to reduce the overspend are being reviewed by the Chief Officer and her team.
7. The City Surveyor is forecasting an adverse variance of £1.0m at year end. This is primarily due to 12% Target Operating Model and Fundamental Review savings still to be identified and allocated to specific budgets. The City Surveyor is working on initiatives to eliminate this forecast overspend by yearend.

8. The Director of Community and Children's Services is forecasting an adverse variance of £0.7m, a worsening position from the adverse variance of £0.1m forecast at Quarter 1. This is mainly due to an extension in the youth hostel contract whilst waiting for the high support hostel to be completed. There has also been additional pressures in child social care due to additional families requiring support.
9. A yearend favourable variance of £0.3m is forecast by the Deputy Town Clerk which has improved by £1.1m from the forecast of an adverse variance of £0.9m at Quarter 1. This is due to a sub-section of the Deputy Town Clerks being moved into the Chief Operating Officer. The Chamberlain's and Town Clerk's department continuing to work together to apportion the elements of the budgets to align with the other parts of the Target Operating Model.

Central Risk Budgets

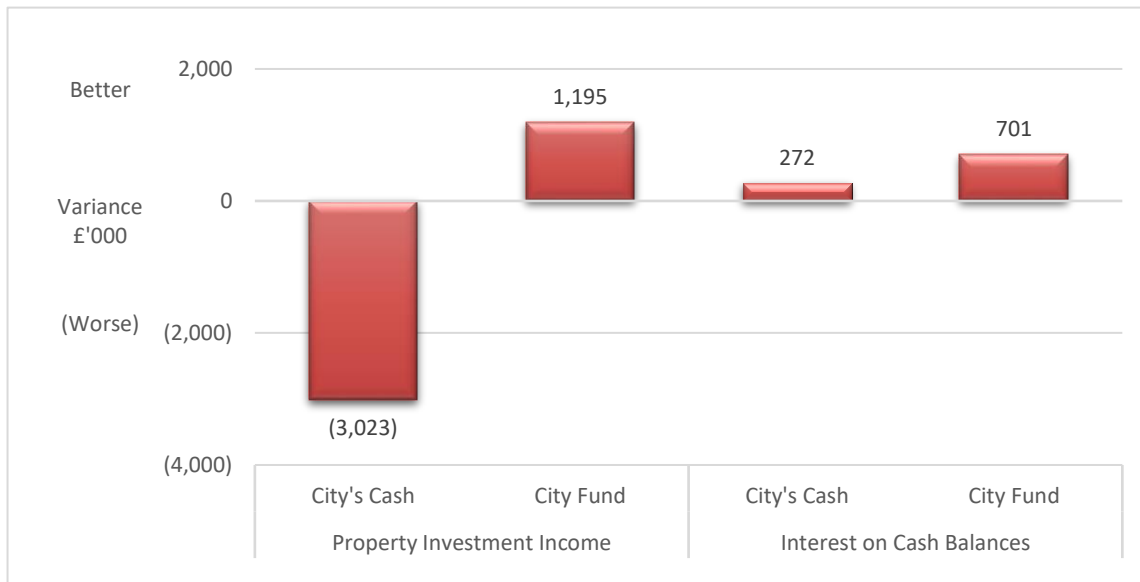
10. At Period 5 the forecast for Central Risk Budgets is an adverse variance of £0.8m against the latest approved budget of £29.2m. This is mainly due to an adverse variance of £2.4m on City Surveyor, partially offset by minor underspends by the Chamberlain and the Deputy Town Clerk.
11. The City Surveyor is forecasting an adverse variance of £2.4m at the end of the year. This is primarily due to property investment income forecasting a £1.8m variance because of lower rental income, this is addressed in the following paragraphs. The Chamberlain holds contingencies for the impact of Turnover rents which is available for use in offsetting the loss of income. This forecast does not trigger the Medium-Term Financial Plan risk rating from amber to red which would be when loss of income increases over £5m per annum.

Corporate Income Budgets

12. Property Investment income at Period 5 is forecast to be £99.0m at year-end which is £1.8m worse than budget of £100.8m. This comprises:
 - City Fund £1.2m favourable – This is due to a combination of rent increases, new leases and delay to property disposal at Fleet House, 1 Bishops Square, International House and 80-81 Fleet House.
 - City's Cash £3.0m adverse – Lower rental income has been forecast to reflect the rent-free periods to existing tenants and a number of lease

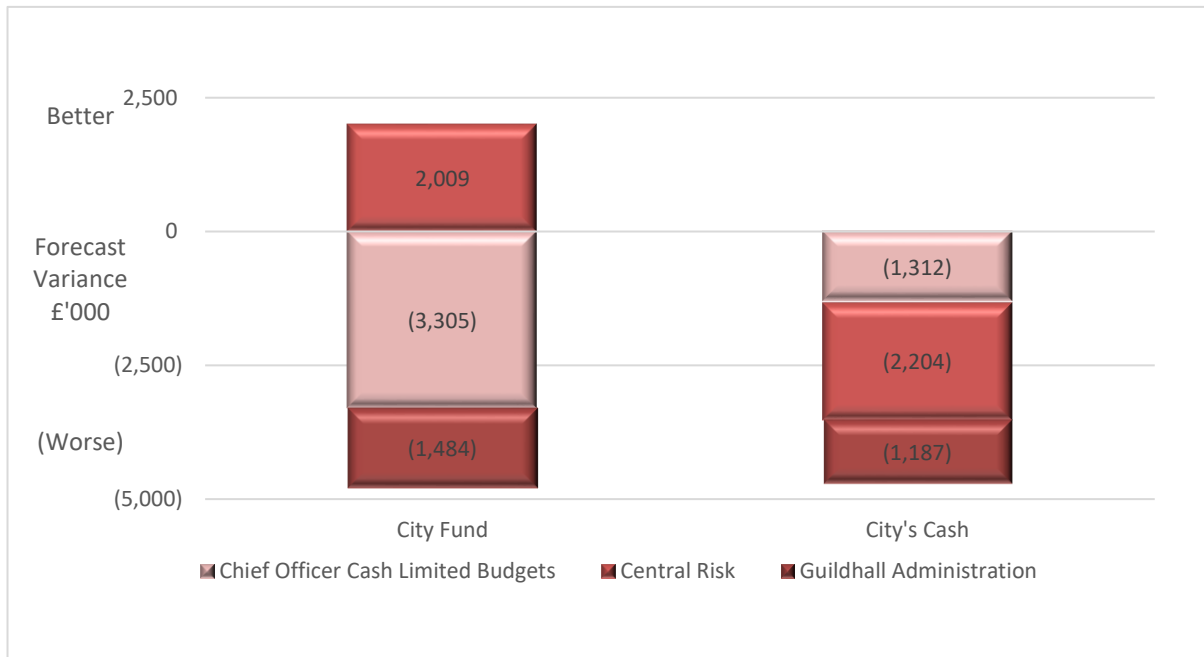
expiries following by rent free periods for new tenants. The 2021/22 budget was based on the City Surveyor's September forecast so there is a timing difference with rent frees and turnover rents granted.

13. Interest on cash balances are anticipated to be £4.6m at year-end which is an overachievement of £1.0m above the budget of £3.6m and is due to the partial pickup in the markets providing a slightly higher interest outturn.



Fund Position

14. The overall (Local and Central Risk) forecast year-end position reported at Period 5 is £7.8m worse than budget. With Guildhall Administration apportioned across the two funds this gives adverse positions of £3.1m on City Fund and £4.7m on City's Cash.



Conclusion

15. Members are asked to note the forecast year-end overspend position of £7.8m at the end of August (Period 5) and the actions being taken to address the position. A fuller review will be carried in October on the Period 6 position in preparation for any revised budget estimates in the annual budget cycle.

Appendices

- Appendix 1: Chief Officers Cash Limited Budgets by Fund
- Appendix 2: Chief Officers Cash Limited Budgets – Income and Expenditure Budget Variances

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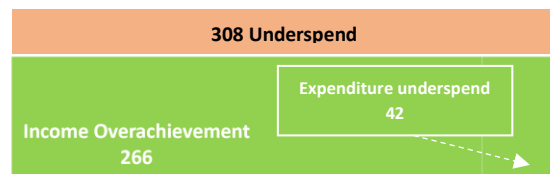
E: Neilesh.Kakad@cityoflondon.gov.uk

Revenue Budget Monitoring Period 5 2021/22 – Appendices

Appendix 1

Chief Officer Cash Limited Budgets by Fund									
Original Budget £'000	Chief Officer	Full Year Forecast as at 30 June 2021				Full Year Forecast as at 31 August 2021			
		Latest Budget	Forecast	Variance Better / (Worse)		Latest Budget	Forecast	Variance Better / (Worse)	
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
	City Fund								
(24,227)	Barbican Centre Managing Director	(24,600)	(24,696)	(97)	(0%)	(24,450)	(24,142)	308	1%
(1,477)	Chamberlain	(1,477)	(1,354)	123	8%	(1,477)	(1,202)	275	19%
(65)	Chief Operating Officer	(65)	(65)	0	0%	(65)	(65)	0	0%
(5,287)	City Surveyor	(5,267)	(5,236)	31	1%	(4,924)	(4,916)	8	0%
(6,060)	Deputy Town Clerk	(6,060)	(6,234)	(174)	(3%)	(6,465)	(6,605)	(140)	(2%)
(11,482)	Director of Community and Childrens Services	(11,381)	(11,313)	68	1%	(11,632)	(12,255)	(623)	(5%)
(18,893)	Director of the Built Environment, Consumer Protection and Open Spaces	(18,934)	(20,770)	(1,836)	(10%)	(19,617)	(20,699)	(1,082)	(6%)
(6,769)	Executive Director Innovation and Growth	(6,969)	(6,973)	(4)	(0%)	(7,191)	(7,190)	1	0%
(74,260)	Total City Fund (excluding Police)	(74,753)	(76,642)	(1,889)	(3%)	(75,821)	(77,075)	(1,254)	(2%)
	City's Cash								
(67)	Chamberlain	(67)	(101)	(34)	0%	(67)	(119)	(52)	0%
(1,131)	Chief Operating Officer	(1,131)	(1,023)	108	10%	(1,246)	(1,152)	94	8%
(14,327)	City Surveyor	(14,147)	(15,671)	(1,524)	(11%)	(14,388)	(15,674)	(1,286)	(9%)
(3,231)	Deputy Town Clerk	(3,231)	(3,074)	157	5%	(3,203)	(2,958)	245	8%
(786)	Director of Community and Childrens Services	(786)	(920)	(134)	(17%)	(808)	(925)	(117)	(14%)
(10,271)	Director of the Built Environment, Consumer Protection and Open Spaces	(10,164)	(9,852)	312	3%	(10,164)	(10,679)	(515)	(5%)
(1,017)	Head of the Boys School	(1,017)	(1,024)	(7)	(1%)	(1,017)	(785)	232	23%
(147)	Headmaster of City of London Freemens School	2,037	518	(1,519)	(75%)	518	975	457	88%
(250)	Headmistress of City of London School for Girls	(250)	(653)	(403)	(161%)	(250)	(653)	(403)	(161%)
(8,129)	Principal Guildhall School of Music and Drama	(8,129)	(8,129)	0	0%	(8,129)	(8,175)	(46)	(1%)
(1,381)	Remembrancer	(1,381)	(1,300)	81	6%	(1,381)	(1,303)	78	6%
(40,737)	Total City's Cash	(38,266)	(41,228)	(2,962)	(8%)	(40,135)	(41,447)	(1,312)	(3%)
	Guildhall Administration								
(7,443)	Chamberlain	(7,537)	(8,469)	(932)	(12%)	(9,427)	(10,288)	(861)	(9%)
(10,827)	Chief Operating Officer	(10,850)	(11,840)	(990)	(9%)	(11,144)	(12,838)	(1,694)	(15%)
(7,151)	City Surveyor	(7,116)	(6,973)	143	2%	(7,139)	(6,904)	235	3%
(670)	Comptroller and City Solicitors	(670)	(831)	(161)	(24%)	(624)	(882)	(258)	(41%)
(4,548)	Deputy Town Clerk	(4,548)	(5,353)	(806)	(18%)	(3,021)	(2,825)	196	6%
276	Remembrancer	276	146	(130)	(47%)	276	206	(70)	(26%)
(30,362)	Total Guildhall Administration	(30,444)	(33,320)	(2,875)	(9%)	(31,078)	(33,531)	(2,453)	(8%)
(145,359)	Grand Total (excluding Police)	(143,463)	(151,190)	(7,727)	(5%)	(147,034)	(152,053)	(5,019)	(3%)
(81,603)	Commissioner of Police	(82,066)	(84,303)	(2,237)	(3%)	(82,215)	(84,266)	(2,051)	(2%)
(226,962)	Grand Total	(225,529)	(235,493)	(9,964)	(4%)	(229,249)	(236,319)	(7,070)	(3%)

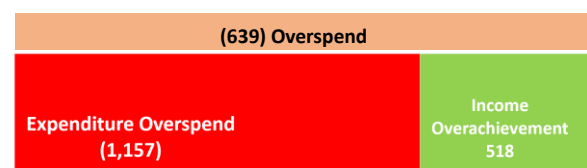
Barbican Centre Managing Director



Income overachievement relates to Theatre income which previously was not included in Latest Approved Budget due to Uncertainties. Additional funding has been received for Beyond Barbican after a successful CILF application.

The expenditure underspend relates predominantly to lower than anticipated clean air circulation costs, this has been offset by increased expenditure on Equality, Diversity & Inclusion action plans.

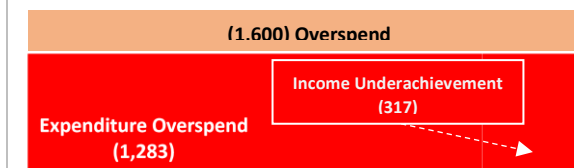
Chamberlain



Chamberlain overspend relates to the 12% reduction in budget and Fundamental Review savings partially offset by reduced expenditure due to staff vacancies within the Financial Services Division.

The income overachievement relates to the New Burden funding for Business Grants for COVID-19 and GLA inspection funding.

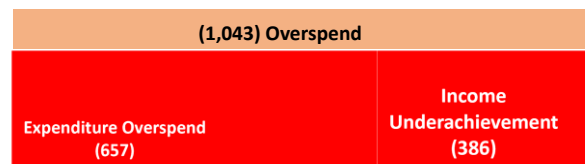
Chief Operating Officer



The overspend on expenditure relates to the 12% savings and Fundamental Review savings offset by staff vacancies and a reduction in waste contract costs.

Income underachievement is primarily due to a reduction in service charge income reflecting the reduction in recoverable costs.

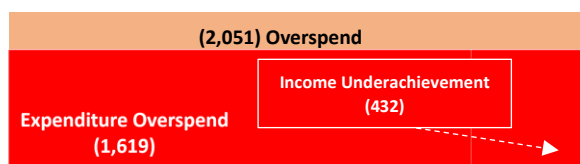
City Surveyor



The City Surveyor Income underachievement is due to a shortfall in departmental property deal fee income and lower than anticipated recovery of event expenditure.

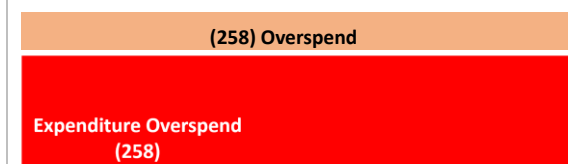
The expenditure overspend relates to unidentified savings and deferred Fundamental Review Savings.

Commissioner of Police

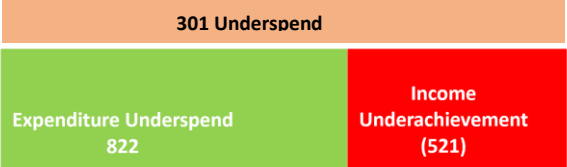
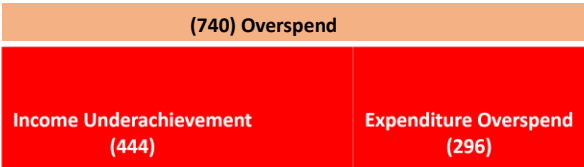
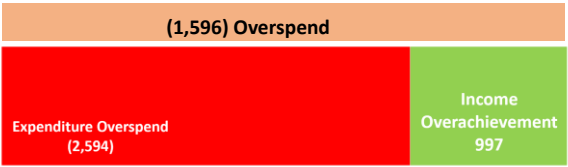


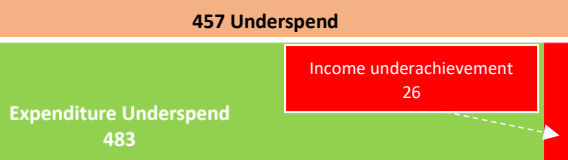


The City of London Police are forecasting a overspend due to estates cost pressures for the full year, following consolidation of Police sites and IT recharges from the Corporation to the City of London Police showing a overspend. This is being carefully monitored and work is being taken to reduce this to budget by year-end.

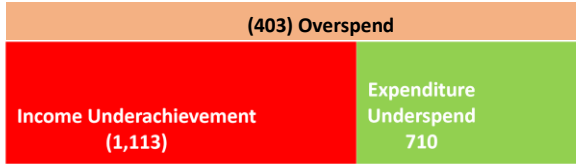
Comptroller & City Solicitors



The expenditure overspends on the Comptroller and City Solicitor are due to unidentified savings not relating to the 12%/TOM savings.

<h3>Deputy Town Clerk</h3>  <p>The Deputy Town Clerk is forecasting an income underachievement due to events not being able to take place in the first half of the year, this has been offset by reduced expenditure on the Lord Mayor's travel budget and a reduction in costs of Mansion House as events have not been taking place. Work is being undertaken to apportion the elements of the budgets to align with other parts of the Target Operating Model.</p>	<h3>Director of Community & Children's Services</h3>  <p>The forecasted overspend by the Director of Community and Children's Services is due to pressures on the staffing budget from employing temporary staff in addition to more clients resulting in more costs to the budget.</p> <p>The projected income underachievement results from lower than anticipated income at Golden lane, the Community Centre and Guest Flats.</p>	<h3>Director of the Built Environment, Consumer Protection & Open Spaces</h3>  <p>There is a projected overspend relating primarily to 12% TOM savings that are yet to be identified and allocated to specific budgets.</p> <p>The forecast underachievement on income relates to an anticipated under-recovery of staff costs from capital projects as well as an expected reduction in income from sources such as parking, season tickets and licence fees.</p>
<h3>Executive Director Innovation & Growth</h3>  <p>The Income underachievement for the Executive Director of Innovation and Growth relates to expected income that has not been realized. This is due to delays in recruiting to the position of Commercial Business Manager.</p>	<h3>Head of the Boys School</h3>  <p>The expenditure overspend relates to an increased transfer to Capital Reserves relating to the increase in pupil numbers.</p> <p>The income overachievement relates to the increase in pupil numbers anticipated in September 2021.</p>	<h3>Headmaster of the City of London Freemans School</h3>  <p>The forecast underspend relates to a reduction in repairs and maintenance (R&M) spend following a review of the planned works.</p> <p>The income underachievement is a result from a reduction in the planned fee increases as well as a reduction in the expected drawdown from reserves.</p>

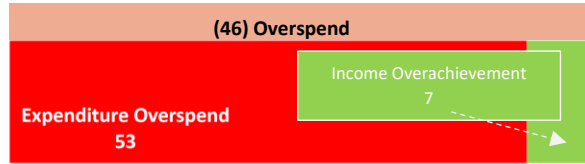
Headmistress of City of London School for Girls



The forecast underspend relates to a reduction in the R&M works to be carried out compared to the budget that was set. This is due to time constraints as the works must take place during the school holidays.

The current income underachievement is attributed to a reduction in the transfer from the R&M fund as a result of the reduced R&M spend planned.

Principal Guildhall School of Music and Drama



GSMD is expected to remain within budget. Pending an update to the school's forecasts in the next quarter.

Remembrancer



Forecast savings arising from the lack of events leading to reduced expenditure on overtime and a reduction in premises related expenditure such as equipment and cleaning costs. Events are now being planned for the remainder of the year but there may still be an underspend across this area.

Income underachievement relates to the lack of events though this is likely to improve throughout the year. There are a significant amount of confirmed bookings already in place for the second half of the year, however there is still likely to be a shortfall against budget at year end.

Agenda Item 8

Committee(s): Finance Committee	Dated: 12 October 2021
Subject: Central Contingencies 2021/22	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The Chamberlain	For Information
Report author: 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.

Recommendation(s)

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 27 September 2021			
	City's Cash	City Fund	Total
	£'000	£'000	£'000
Contingencies			
2021/22 Provision	950	800	1,750
2020/21 Brought forward	0	206	206
Total Provision	950	1,006	1,956
Previously agreed allocations	(510)	(429)	(939)
Pending recommended allocation	0	0	0
Pending request on the agenda	0	0	0
Total Commitments	(510)	(429)	(939)
Uncommitted Balances	440	577	1,017
National and International Disasters			
Total Provision	125	0	125
Previous allocations	(50)	0	(50)
Uncommitted Balance	75	0	75

4. A contingency of £50,000 is held by Bridge House Estates (BHE). This is in case of a request for additional funding for a project 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 are no requests for allocations from contingency funds elsewhere on the agenda.
6. The sums which the Committee has previously allocated from the 2021/22 contingencies are detailed in Appendix 1.

Conclusion

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

Appendices

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

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