



Finance Committee – Main Agenda Pack

Date: TUESDAY, 7 DECEMBER 2021

Time: 1.45 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

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 served for Members in Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio video recording
<https://youtu.be/VzqMolfDIh0>

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 9th November 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. **DRAFT PUBLIC MINUTES OF SUB-COMMITTEES**
To note the draft minutes of the following Sub-Committee meetings:
For Information
 - a) Draft public minutes of the Efficiency and Performance Sub-Committee held on 25th October 2021 (Pages 17 - 20)
 - b) Draft public minutes of the Procurement Sub-Committee held on 20th October (Pages 21 - 24)
7. **RISK MANAGEMENT - TOP RISKS**
Report of the Chamberlain.
For Information
(Pages 25 - 42)
8. **2020-21 CITY'S CASH FINANCIAL STATEMENTS**
Report of the Chamberlain.
For Decision
(Pages 43 - 50)
9. **2020-21 CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS**
Report of the Chamberlain.
For Decision
(Pages 51 - 56)

10. **SUNDRY TRUSTS (FOR WHICH THE CORPORATION IS TRUSTEE): ANNUAL REPORT AND FINANCIAL STATEMENTS 2020/21**
Report of the Chamberlain.
For Decision
(Pages 57 - 62)
11. **CAPITAL FUNDING- PRIORITISATION OF 2022/23 ANNUAL CAPITAL BIDS**
Report of the Chamberlain.
For Decision
(Pages 63 - 74)
12. **AN EXTENSION TO THE CONTRACT FOR THE PROVISION OF E-SERVICES RELATING TO THE PAN LONDON SEXUAL HEALTH TRANSFORMATION PROGRAMME**
Joint Report of the Director of Community & Children's Services and the Director of Commercial Services.
For Decision
(Pages 75 - 80)
13. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.
For Information
(Pages 81 - 84)
14. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
16. **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

17. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 9th November 2021.
For Decision
(Pages 85 - 90)
18. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.
For Information
(Pages 91 - 92)
19. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**
To note the draft non-public minutes of the following Sub-Committee meetings:
For Information

- a) Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 25th October 2021 (Pages 93 - 96)
 - b) Draft non-public minutes of the Procurement Sub-Committee held on 20th October 2021 (Pages 97 - 100)
20. **CHARITY REVIEW - CITY OF LONDON CHARITIES POOL**
Report of the Chief Grants Officer & Director of City Bridge Trust.
For Decision
(Pages 101 - 108)
21. **STAGE 1 & 2 REPORT (COMBINED) FOR PROVISION OF WATER, WASTEWATER AND ANCILLARY SERVICES**
Report of the Chief Operating Officer.
For Decision
(Pages 109 - 116)
22. **COMMERCIAL RENT - DEBT WRITE OFF**
Report of the Comptroller & City Solicitor.
For Decision
(Pages 117 - 132)
23. **CITY'S ESTATE 38 AND 40-42 CHARTERHOUSE STREET, EC1M - DISPOSAL OF 130 YEAR LEASE.**
Report of the City Surveyor.
For Decision
(Pages 133 - 140)
24. **HIGHWAY LAND DISPOSAL: 50 FENCHURCH STREET, EC3M 3JY**
Report of the City Surveyor.
For Decision
(Pages 141 - 146)
25. **NON-PUBLIC APPENDIX FOR CENTRAL CONTINGENCIES**
To be read in conjunction with ITEM 13 (Central Contingencies)
For Information
(Pages 147 - 150)
26. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 151 - 152)
27. **NON-PUBLIC QUESTIONS ON MATTERS 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**

Part 3 - Confidential Agenda

29. **CONFIDENTIAL MINUTES**
To agree the confidential minutes of the meeting held on 9th November 2021.
For Decision
30. **CORPORATE LAN CONTRACT EXTENSION**
Report of the Chief Operating Officer.
For Decision
31. **PROPOSALS FOR THE ORGANISATION DESIGN OF THE IT FUNCTION UNDER THE CHIEF OPERATING OFFICER**
Report of the Chief Operating Officer.
For Decision
32. **PROPOSALS FOR THE ORGANISATIONAL DESIGN OF THE EQUALITY, DIVERSITY AND INCLUSION FUNCTION OF THE CHIEF OPERATING OFFICER**
Report of the Chief Operating Officer.
For Decision
33. **PROPOSALS FOR THE ORGANISATIONAL DESIGN OF THE COMMERCIAL SERVICES FUNCTION OF THE CHIEF OPERATING OFFICER**
Report of the Chief Operating Officer.
For Decision
34. **TOM PROPOSALS - CHAMBERLAIN'S DEPARTMENT TIER 3**
Report of the Chamberlain.
To Follow
For Decision
35. **TOM PROPOSALS ON A SINGLE POST IN CHAMBERLAIN'S DEPARTMENT**
Report of the Chamberlain.
To Follow.
For Decision

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FINANCE COMMITTEE

Tuesday, 9 November 2021

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 9 November 2021 at 1.45 pm

Present

Members:

Deputy Jamie Ingham Clark (Chairman)	Michael Hudson
Jeremy Mayhew (Deputy Chairman)	Alderman Alastair King
Rehana Ameer	Andrew McMurtrie
Randall Anderson	Hugh Morris
Henry Colthurst	Susan Pearson
Alderman Professor Emma Edhem	James de Sausmarez
Alderman Prem Goyal	

Observers

Clare James
Mark Wheatley

Officers:

John Cater	- Committee Clerk
Caroline Al-Beyerty	- Chamberlain
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Emma Moore	- Chief Operations Officer
Sonia Virdee	- Assistant Director – Strategic Finance
Sean Green	- IT Director
Genine Whitehorne	- Commercial Director
Hayley Hajduczek	- Town Clerk's Department
Dionne Corradine	- Chief Strategy Officer
Nicholas Gill	- City Surveyor's Department
Phil Black	- Chamberlain's Department
Oliqur Chowdhury	- City Procurement
Richard Skok	- City Procurement
Barbara Hook	- Town Clerk's Department
Greg Knight	- Communities and Children's Services
Sanjay Odedra	- Communications
Oliver Watling	- City Procurement
Aga Watt	- City of London Police

1. **APOLOGIES**

Apologies for absence were received from Nicholas Bensted-Smith, Deputy Roger Colthurst, Alderman Robert Hughes-Penney, Deputy Wendy Hyde, Deputy Clare James, Paul Martinelli, Deputy Robert Merrett, Benjamin Murphy, Deputy John Scott, Sir Michael Snyder, Deputy James Thomson, Deputy Catherine McGuinness, and Christopher Hayward.

The Chairman welcomed Genine Whitehorne, the new Commercial Director in City Procurement.

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 12th October 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 several months.

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 recent meetings of the Committee's Sub-Committees.

The Chairman of the Digital Services Sub-Committee informed Members that provision of IT equipment would be changing; the Sub had concluded that it made sense to move Apple iPhones to a corporately maintained ID as opposed to individual IDs, this will require changes, but Members and officers shouldn't see a reduction in functionality.

Members were also informed that iPads were being phased out in favour of Microsoft Surface devices. This was a sensible step to streamline our IT estate to fewer operating systems. iPhones would still be provided, but it was pointed that phones posed less of a security issue than iPads.

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 about the City's recovery and continuity plans, the IT Director informed Members that data storage for the City was provided by two Microsoft Data Centres and business continuity plans were updated on a regular basis to ensure the City was meeting new emerging potential challenges. In addition the City was looking at running a "white hack" exercise soon to stress test defences and other simulation exercises would be taking place in 2022. The IT Director will keep Members updated.

In response to a concern raised about the IT Budget, the Chamberlain assured Members that, broadly, as per the Month 6 data, the overall budget was

balancing; whilst there were departments that were struggling to deliver on savings, the bilateral Member-Chief Officer meetings were providing a forum for rigorous discussion, and gaps were being addressed.

RESOLVED – that the Committee noted the Report.

7. **RENTAL INCOME UPDATE**

The Committee received a Report of the Chamberlain concerning rental income.

RESOLVED – that the Committee noted the Report.

8. **BUSINESS PLAN UPDATE**

The Committee considered a Report of the Chamberlain concerning the departmental Business Plan.

A Member highlighted the need for robust KPIs around governance and reporting as well as ensuring that the departmental relationships with third parties such as suppliers and central government had a degree of oversight and performance management. The Chairman pointed out that the overall governance structure still needed to be approved at P&R and Court, but encouraged the Chamberlain to keep these suggestions in mind when it came to finalising the business plan.

The Chamberlain welcomed these suggestions and informed Members that a good deal of work was currently taking place around the types of areas that departments ultimately needed to report on; whilst we had a lot of data coming it was important to establish which information was the most valuable for the Corporation's needs.

RESOLVED – that the Committee:

i) Noted the factors taken into consideration in compiling the Chamberlain's Department Business Plan; and

ii) Approved, subject to the incorporation of any changes sought by this Committee, the departmental Business Plan for Chamberlain's for 2022/23.

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

There were no questions.

11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There were no urgent items.
12. **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.
13. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – That the non-public minutes of the meeting held on 12th October be approved as an accurate record.
14. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
The Committee received a Report of the Town Clerk which advised Members of the key discussions which had taken place during non-public sessions at recent meetings of the Committee's Sub-Committees.
15. **BUDGET SPENDING REVIEW**
The Committee received an oral update of the Chamberlain concerning the Chancellor's autumn Budget.
16. **ADMITTED BODY STATUS FOR THE CITY OF LONDON CORPORATION'S SUBSTANCE MISUSE PROVIDER**
The Committee considered a Report of the Director of Communities and Children's Services concerning the City Corporation's Substance Misuse Provider.
17. **CIVIL PARKING & TRAFFIC ENFORCEMENT; OFF STREET CAR PARKS MANAGEMENT AND BARRIER EQUIPMENT REPLACEMENT; PROVISION OF CCTV ENFORCEMENT CAMERAS; AND SUPPORT SERVICES FOR COLLECTING PAYMENTS AND ISSUING NOTICES PROCUREMENT STAGE 2 - CONTRACT AWARD**
The Committee considered a Report of the Chief Operating Officer concerning civil parking and traffic enforcement.
18. **INSURANCE - PROPERTY PROCUREMENT STAGE 2 AWARD REPORT**
The Committee considered a Report of the Chief Operating Officer concerning the award of a property insurance contract.
19. **NPCC CYBERCRIME PROGRAMME NATIONAL FRAMEWORK AGREEMENT FOR THE PROVISION OF CRYPTOCURRENCY STORAGE AND REALISATION SERVICES - INCREASE IN CONTRACT VALUE**
The Committee considered a Report of the Commissioner of the City of London Police concerning the provision of cryptocurrency storage and realisation services.

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

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

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

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

22. **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.

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

The Committee considered an item of urgent business relating to the Financial Statements.

24. **IT DIVISION - MEMBER UPDATE**

The Committee considered a Report of the Chief Operating Officer.

25. **CHAMBERLAIN'S TOM TIER 2 REVISION**

The Committee considered a Report of the Chamberlain.

The meeting ended at 3.25 pm

Chairman

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

	Dec-21	Jan-22	Feb-22	Mar-22
Budget Setting Process & Medium-Term Financial Planning	Capital Funding- Prioritisation of 2022/23 Annual Capital Bids		City Fund Budget Report & MTFP Strategy City's Cash Budget Report & MTFP Strategy	Pre-Election Period
Effective Financial Management Arrangements for The City Corporation		Finance Committee Estimate Report Q3 Budget monitoring		
Financial Statements	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	Central Contingencies Risk Management - Monthly Report City Procurement Q Update Chamberlains Business plan Q report	Central Contingencies Risk Management – Quarterly Report IT Division Q Update	

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Agenda Item 5

Committee(s)	Dated:
Finance Committee	7 December 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 9 November 2021:

Efficiency and Performance Sub (Finance) Committee– 23rd November 2021

Securing 'Flightpath' savings and understanding service impacts: 2021/22 progress

The Sub Committee received a report of the Chamberlain providing Members with an update on the identification of the permanent savings to meet the 12% budget reduction and fundamental review savings already applied to 2021/22 budgets.

Good progress has been made since October. As departments continue to work through their transformation programmes to comply with the TOM design principles and permanent savings required to meet the 12% budget reduction. The total savings unidentified has reduced to 17% (compared to 29% reported in October) - totalling £2.7m.

Corporate Asset Sub-Committee – 24th November 2021

To Follow.

Procurement Sub (Finance) Committee – 25th November 2021

To Follow.

Recommendations

The Committee is asked to note the report.

John Cater

Senior Committee Services Officer, Town Clerk's Department

john.cater@cityoflondon.gov.uk

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE

Monday, 25 October 2021

Draft Minutes of the meeting of the Efficiency and Performance Sub (Finance) Committee held at Guildhall, EC2 on Monday, 25 October 2021 at 11.00 am

Present

Members:

Deputy Jamie Ingham Clark (Chairman)
Jeremy Mayhew (Deputy Chairman)
Randall Anderson
Paul Martinelli
Deputy Philip Woodhouse

Officers:

Caroline Al-Beyerty	- Chamberlain's Department
John Barradell	- Town Clerk and Chief Executive
Nick Bodger	- Cultural and Visitor Development Director
Ben Dunleavy	- Town Clerk's Department
Giles French	- Assistant Director of Economic Development
Julie Mayer	- Town Clerk's Department
Damian Nussbaum	- Director of Innovation & Growth
Julie Smith	- Chamberlain's Department
Bukola Soyombo	- Chief Operating Officer's Department
Douglas Trainer	- Town Clerk's Department
Sonia Virdee	- Chamberlain's Department
Jonathan Vaughan	- Guildhall School of Music & Drama

1. APOLOGIES

Apologies were received from Deputy Roger Chadwick, Henry Colthurst, Deputy Claire James and James de Sausmarez.

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

Jeremy Mayhew declared a general, non-pecuniary interest by virtue of his position as a Governor on the Board of the Guildhall School of Music and Drama (Item 9 on this agenda).

Randall Anderson also declared a general, non-pecuniary interest by virtue of his position as a Deputy Chair of the Board of Governors of the Guildhall School of Music and Drama (Item 9 on this agenda).

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED - That the public minutes and non-public summary of the meeting held on 16th July 2021 be agreed as an accurate record.

4. **SECURING 'FLIGHTPATH' SAVINGS AND UNDERSTANDING SERVICE IMPACTS: 2021/22 PROGRESS**

The Sub Committee received a report of the Chamberlain, which provided Members with an update on the identification of the permanent savings to meet the 12% budget reduction and fundamental review savings already applied to 2021/22 budgets.

Members noted that the report clearly articulated that it would be different to the one due to be considered by the Establishment Committee, in that the report to this Committee concentrates on overall savings and the Establishment Committee's remit covers staff structures related to the TOM. However, there would be some crossover, as some departments had maintained vacancies and managed their savings around reorganisations, which would require a view from both sides.

The Town Clerk was invited to provide an update on the implementation of the TOM and advised that the implementation of staffing ratios being used had resulted in officer savings. However, it was too early for Members to see the efficiencies being driven by different ways of working, which would reinforce the principles of the TOM. The Town Clerk further advised that some savings were one-offs rather than permanent and, where these had accumulated in some sections/departments, they would now require more focus than would have been the case with a sequence of savings.

RESOLVED, that – the report be noted.

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

There were no questions.

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

There were no items of urgent business.

7. **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.

Item(s)	Paragraph(s)
9 and 10	3

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

RESOLVED - That the non-public minutes of the meeting held on 16th July 2021 be approved as a correct record.

9. **DEEP DIVE - GUILDHALL SCHOOL OF MUSIC & DRAMA**
The Sub Committee received a report of the Principal, Guildhall School of Music and Drama.
10. **DEEP DIVE - INNOVATION & GROWTH**
The Sub Committee received a report of the Director of Innovation and Growth
11. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.
12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other business.

The meeting ended at 12.50

Chairman

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PROCUREMENT SUB (FINANCE) COMMITTEE Wednesday, 20 October 2021

Minutes of the meeting of the Procurement Sub (Finance) Committee held at Committee Room 3 - 2nd Floor West Wing, Guildhall on Wednesday, 20 October 2021 at 9.30 am

Present

Members:

Hugh Morris (Chairman)
Deputy Robert Merrett (Deputy Chairman)
Randall Anderson
Michael Hudson
Deputy Jamie Ingham Clark
Paul Martinelli

Officers:

Lisa Moore	- Chamberlain's Department
Connie Dale	- Chamberlain's Department
Ola Obadara	- City Surveyor's Department
Darran Reid	- Chamberlain's Department
Aga Watt	- Chamberlain's Department
Oli Watling	- Chamberlain's Department
Ken Stone	- Chamberlain's Department
Emma Moore	- Chief Operating Officer
Chris Mulhall	- Chamberlain's Department
Bridget O'Dwyer	- Chamberlain's Department
Oli Choudury	- Chamberlain's Department
Antoinette Duhaney	- Town Clerk's Department

1. **APOLOGIES**

Apologies for absence were submitted by Deputy Roger Chadwick, Jeremy Mayhew and Susan Pearson.

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

Randall Anderson declared an interest in agenda item 13, Insurance - Property Procurement Stage 2 Award on the grounds that he was a Barbican resident.

3. **PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 15th July 2021 be agreed as a correct record.

4. **PROCUREMENT SUB-COMMITTEE WORK PROGRAMME: OCTOBER 2021**
Members considered a forward programme of items for future meetings.

Officers reported that a responsible procurement update would be presented in the new year as further consultation was required. Timescales for submitting an update on Modern Slavery had also yet to be confirmed but this item would be added to the workplan.

RESOLVED – That the report be noted.

5. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT (Q1 FY2021/22)**
The Sub Committee considered a joint report of the Chamberlain and the Chief Operating Officer on key performance indicators and areas of progress for City Procurement.

RESOLVED – That the report be noted.

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

There were no questions.

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

Officers reported that Genine Whitehorne had been appointed as the new Commercial Director of City Procurement and would be joining CoL on 3rd November 2021.

8. **EXCLUSION OF THE PUBLIC**

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the remaining 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.

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

The non-public minutes of the meeting held on 15th July 2021 were approved.

10. **NPCC CYBERCRIME PROGRAMME NATIONAL FRAMEWORK AGREEMENT FOR THE PROVISION OF CRYPTOCURRENCY STORAGE AND REALISATION SERVICES - INCREASE IN CONTRACT VALUE**

The Sub Committee considered a report of the Commissioner of the CoLP in respect of the provision of cryptocurrency storage.

11. **CIVIL PARKING & TRAFFIC ENFORCEMENT; OFF STREET CAR PARKS MANAGEMENT AND BARRIER EQUIPMENT REPLACEMENT; PROVISION OF CCTV ENFORCEMENT CAMERAS; AND SUPPORT SERVICES FOR COLLECTING PAYMENTS AND ISSUING NOTICES PROCUREMENT STAGE 2 - CONTRACT AWARD**

The Sub Committee considered a report of the Chief Operating Officer regarding the award of contracts for the provision of Civil Parking & Traffic Enforcement; Off Street Car Parks Management services; CCTV Enforcement Cameras and related support services for the CoL.

12. PAN-LONDON SUBSTANCE MISUSE PROGRAMME PROCUREMENT STAGE 1 STRATEGY

The Sub Committee considered a report of the Chamberlain recommending a procurement strategy and evaluation criteria to be used in the selection of the preferred suppliers for a Pan-London Substance Misuse Programme.

13. INSURANCE - PROPERTY PROCUREMENT STAGE 2 AWARD

The Sub Committee considered a report of the Chief Operating Officer regarding the award of the Property Insurance contract for the CoL.

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

There were non-public questions.

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

There was no other non-public business.

The meeting ended at 10.11 am

Chairman

Contact Officer: Antoinette Duhaney, antoinette.duhaney@cityoflondon.gov.uk

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Agenda Item 7

Committee(s)	Dated:
Finance Committee	7 December 2021
Subject: Chamberlain's & Chief Operating Officer's Department Risk Management – Quarterly Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	7
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 and the Chief Operating Officer	For Information
Report authors: Hayley Hajduczek, Business Support Manager, Chamberlains Samantha Kay, IT Business Manager, Chief Operating Officer	

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. There is one departmental risk that is under development by Chamberlain's Senior Leadership team which will be shared with this committee at the next meeting. This risk is around knowledge transfer and continuity as many long-standing members of the team prepare to leave due to Flexible Retirement. 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 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.

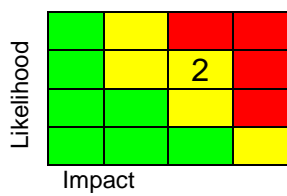
Main Report

Background

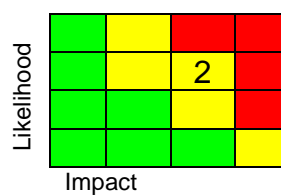
1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on RED 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:
Current heatmap

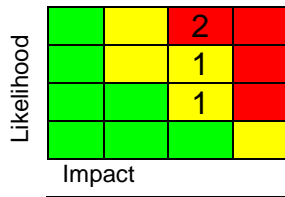


Previous quarter heatmap

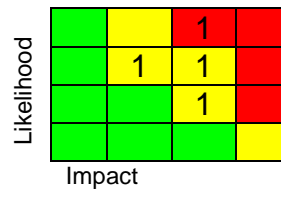


7. The heatmap for all Chief Operating Officer's corporate and departmental risks is as below:

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 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. Furthermore, Member bilateral meetings and deep dives to Efficiency and Performance Sub Committee taking place during the Autumn will provide an opportunity to capture any risks relating to achievement of flightpath savings across the MTFP.

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

11. The joint City of London Police and Police Authority review of the opportunities within the CoLP budget to mitigate significant new pressures has now taken place.
12. Significant Police MTFP deficits have been compounded by further pressures 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.
13. Indicative mitigations for 22/23 have been put in place, assuming reinstatement of £2.3m Business Rate Premium (BRP) funding, presented to Police Authority Board (PAB) and Budget Bilateral in October 2021. To be developed further for PAB and 2nd budget bilateral in December 2021, alongside assessment of service choices and their impact on policing.
14. The Spending Review outcomes for Police provide for completion of the 20k officer uplift programme and £10pa increased precept flexibility (noting that Corporation is unable to precept, and so generates local funding for CoLP via the BRP). The funding allocation to CoLP for 22/23 is likely to be announced in December.

CR 16 – Information Security (Current Risk: RED – Increase)

15. The Information Security Risk has increase to a Red risk due to the increase in likelihood and impact of a security incident.
16. We are seeing regular malware being delivered by email every week which is not being captured by the current security products. IT had agreement from Members to invest in the Microsoft Licences to upgrade the Corporation to Microsoft E5 which provide a much enhanced security package as well as other attributes.
17. Other mitigations include promoting security training and on-going and regular security communications to all staff and Members.
18. The Results of the IT Health Check have been received and a Remediation Action Plan (RAP) has been developed. Remediation activities have commenced.
19. Work on a simulated cyber attack is being planned with the IT Security Team for completion by the end of the calendar year.
20. Further IT Security training offered to staff and Members and regular communication on security issues on the intranet and via email.

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

21. New business intelligence dashboards continue to be developed for improved decision making by the Corporate Strategy and Performance team.

22. An updated An Information Management Asset register has been populated for the organisation.
23. Plans are being developed for moving unstructured data from Shared Drives to SharePoint.
24. 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

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

25. All services have now been migrated into Azure.
26. Agilisys Business Continuity /Disaster Recovery plan has now been provided and is being reviewed internally and will form the basis of the COL and CoLP IT BCDR Plan, which is in its final stages of development before being circulated for approval.
27. 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)

28. 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. The latest work is 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 maximising the benefits of the flexible pricing options in the Azure environment.
29. IT has made some progress on meeting the saving from the Fundamental Review and from the 12% saving target however savings made have been offset by significant in year new pressures on the IT budget. In addition due to timing of the TOM, IT has been unable to fully make any savings in required in this Financial year. Contract negotiations are on going with key suppliers where but may not conclude until the end of the Financial year . Further savings achieved through the TOM will have an impact on the provision of the IT service.
30. At Month 7, 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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CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

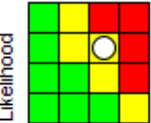
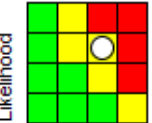

Report Author: Hayley Hajduczek
Generated on: 26 November 2021



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
<p>CR23 Police Funding</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 31</p> <p>21-Nov-2016</p>	<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>	<p>12</p>	<p>Significant Police MTFP deficits have been compounded by further pressures 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>Indicative mitigations for 22/23, assuming reinstatement of £2.3m Business Rate Premium (BRP) funding, presented to Police Authority Board (PAB) and Budget Bilateral in October 2021. To be developed further for PAB and 2nd budget bilateral in December 2021, alongside assessment of service choices and their impact on policing.</p> <p>Spending Review outcomes for Police provide for completion of the 20k officer uplift programme and £10pa increased precept flexibility (noting that Corporation is unable to precept, and so generates local funding for CoLP via the BRP). The funding allocation to CoLP for 22/23 is likely to be announced in December.</p> <p>26 Nov 2021</p>	<p>Likelihood</p> <p>Impact</p>	<p>12</p>	<p>31-Jan-2022</p>	

Caroline Al-Beyerty; Ian Dyson						Accept	Constant
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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. Significant medium-term pressures modelled, including Action Fraud extension and re-procurement and known or expected loss of grants for Counter-Terrorism, Bank of England and TfL. Indicative mitigations for 22/23 presented to October 2021 Police Authority Board (PAB) and Budget Bilateral, alongside assumed reinstatement of £2.3m Business Rate Premium funding in 22/23. Further work on mitigations, choices and operational impacts to be developed for December PAB and 2nd Budget Bilateral. Spending Review outcomes for Police communicated, with allocation to CoLP for 22/23 likely to be communicated in December.	Alistair Cook	26-Nov-2021	31-Jan-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
CR35 Unsustainable Medium Term Finances 19-Jun-2020	<p>Causes: Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile Normal course of business unable to function due to COVID 19 restrictions BREXIT compounding market uncertainty and exacerbating the economic downturn. Major contraction in key income streams and increase in bad debts. In particular that lower occupancy levels in city properties reduce investment property income over the medium term. Police Transform programme fails to realise the budget mitigations anticipated Reduction in the value of investments- property and securities- reduces available capital for major project financing.</p> <p>Event: Inability to contain financial pressures within year (2020/21) and compensatory savings and/or income generation to meet the Corporation's forecast medium term financial deficit will not be realised.</p> <p>Effects: Additional savings over and above those identified through the Fundamental Review to meet this challenge are required and/or closure in some areas reserves are utilised and/or services stopped. The City Corporation's reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Being unable to set a balanced budget which is a statutory requirement for City Fund. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Capital projects stalled due to COVID restrictions.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>12</p>	<ul style="list-style-type: none"> The risk score is being maintained at amber 12. The proposed triggers agreed by May finance committee have been added to the actions listed below. None of these have been triggered in November 21, close monitoring will continue. A briefing paper, including recommendations on the MTFP was presented at the RASC away day, on 13th July, further questions were presented to RASC away day on 30th September. Monthly monitoring is being undertaken by the finance units to monitor the delivery of TOM and FR savings through 21/22 and across the MTFP. Overall savings update and Deep Dive Reports are scheduled to be presented to E&P Sub Committee. In addition, an establishment tracker against TOM savings, the impact of flexible retirement policies and translation of vacancies into post permanent savings; alongside costs of the scheme is presented and scrutinised by the Establishment Committee. Furthermore, a paper on rental income was presented to this Committee in October and updates to this paper will be provided on a quarterly basis. <p>26 Nov 2021</p>	 <p>Likelihood</p> <p>Impact</p>	<p>12</p>	<p>31-Mar-2022</p>	

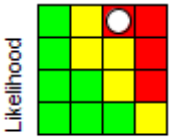
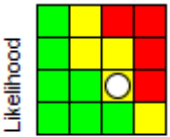

Caroline Al-Beyerty	Stakeholders experiencing reduced services and service closures.						Accept	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR 35a	A reduction in key income streams and increase in bad debt	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. In addition, Chief Officers are working with tenants on a payment plan to mitigate potential issues when the moratorium is lifted in March 2022.	Sonia Virdee	26-Nov-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 over the medium term is being carried out during this quarter for City's Cash and City Fund in line with the MTFP preparations. 	James Graham; Sonia Virdee	26-Nov-2021	31-Mar-2022
CR 35c	<p>Increased expenditure related to COVID measures- maximise recovery from government</p> <p><i>Triggers:</i></p> <ul style="list-style-type: none"> Any changes to funding arrangements below the baseline 	<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 has been made for £3.2m. Furloughing workers where appropriate has been done recovering £6.6m across all funds. No further adjustments are expected on claims made. 	Neilesh Kakad Sonia Virdee	26-Nov-2021	31-Mar-2022
CR 35d	<p>Inability of occupiers to pay rates as their income falls and business models are damaged.</p> <p>A reduction in demand for office space in the square mile, leading to lower occupation and business rate income.</p> <p>The Corporation is currently benefitting from growth in business rates retained income of c£40m.</p> <p>Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool.</p> <p><i>Triggers</i></p> <ul style="list-style-type: none"> Change to business rate reset (further deferral will result in a positive impact). Shift from commercial to residential (hot off the press). Reduction in Rateable Value (the risk is minimal). Changes to methodology in business rate calculations. Alternative funding sources e.g. sales tax. 	<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. Collection had improved to within 3% of pre covid levels. However, with the end of the enhanced retail relief in June, the collection rate has dipped. The 21/22 collection rate is now 4.5% down on the pre-covid collection rate. It is expected that this will improve before year end. 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. There has been an increase in the amount of empty property resulting in more relief being claimed. 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	26-Nov-2021	31-Mar-2022

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<p>CR 35e</p>	<p>Impact on investments: securities/property <i>Triggers:</i> <ul style="list-style-type: none"> • Increase in loss of income over £5m p.a. </p>	<ul style="list-style-type: none"> • The values of the three main financial investment portfolios have continued to grow over the course of Q3, albeit at a slower pace. Asset allocation and investment performance is reviewed by the Financial Investment Board at each meeting. • 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. • 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). 	<p>Nicholas Gill; James Graham</p>	<p>26-Nov-2021</p>	<p>31-Mar-2022</p>
<p>CR 35f</p>	<p>Impact on the MTFP</p>	<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 up to £709m between 2021/22 to 2025/26. • Update on MTFP was presented to the RASC Away Day on 13th July and 30th September. 	<p>Caroline Al-Beyerty; Sonia Virdee</p>	<p>26-Nov-2021</p>	<p>31-Mar-2022</p>
<p>CR 35h</p>	<p>To implement the Fundamental Review project plan-TOM <i>Triggers:</i> <ul style="list-style-type: none"> • Delays/Reduction to 12% savings. • Delays/Reduction to fundamental review savings. </p>	<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 commenced in September 21. • Bilateral meetings held with Service Committee Chair/men and Chair/men of Policy & Resource and Finance Committee and their deputies to ensure savings are being achieved across the board. So far 10 out of the 17 planned bilateral meetings have taken place, of which 5 departments have had their proposals either fully or partially agreed by Committee/Members under the TOM process. 	<p>Chrissie Morgan; Sonia Virdee</p>	<p>26-Nov-2021</p>	<p>31-Mar-2022</p>

		<ul style="list-style-type: none">• Additional pressures have been identified through the TOM process, Chamberlain's is working with departments to understand how these additional cost pressures are met within the overall envelope.			
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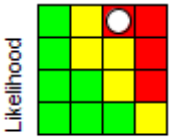
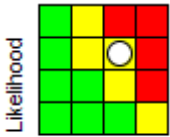

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030) 10-May-2019 Emma Moore	Cause: 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	16	<ul style="list-style-type: none"> We are seeing regular malware being delivered by email every week which is not being captured by the current security products. We have had agreement to upgrade our MS licences from E3 to E5 which will help mitigate this. The Results of the IT Health Check have been received and a Remediation Action Plan (RAP) has been developed. Remediation activities have commenced. Work on a simulated cyber attack is being planned with the IT Security Team for completion by the end of the calendar year. 	 Likelihood	8	31-Mar-2022	 Increasing
							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.	With the agreement of the E5 business case by Members the improvements to our security stance can now begin with resources procured to support implementation	Gary Brailsford-Hart	18-Oct-2021	31-Dec-2021
CR16l	Gain assurance on understanding and mitigating our security vulnerabilities	The Results of the IT Health Check have been received and a Remediation Action Plan (RAP) has been developed. Remediation activities have commenced.	Matt Gosden	18-Oct-2021	30-Nov-2021

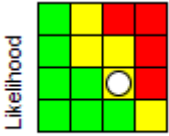
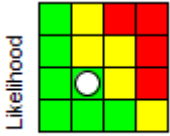

		Some vulnerabilities have critical dependencies and are complex to deliver. Therefore the completion of these has been moved to the end of November.			
CR16m	Work on a simulated cyber attack is being planned with the IT Security Team	<p>The COLP IMS Team are developing and will implement two activities toward the end of the calendar year:</p> <p>A Red Flag activity – A scenario-based exercise which simulates a Ransomware attack and tests our response to a similar incident.</p> <p>A White Hat activity – this is where we employ an Ethical Hacker to try to gain access to COL systems using typical hacking tools and techniques.</p>	Matt Gosden	18-Oct-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	Flight path
CR29 Information Management 18-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 22 Nov 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	18-Oct-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	18-Oct-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 Page 40 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 Impact	16	IT has made good progress on meeting the saving from the Fundamental Review and around £400k from the 12% saving target, there is still an unachieved target of circa £1m to be found. Due to timing of the TOM, IT has been unable to make any savings in this area. Contract negotiations are on going with key suppliers where appropriate. Further savings could have an impact on the provision of the IT service. 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.	 Likelihood Impact	12	31-Mar-2022	
								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 is some areas of one off savings that we are now exploring with Finance colleagues.	Kevin Mulcahy	18-Oct-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	18-Oct-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 41	<p>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.</p> <p>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.</p> <p>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.</p> <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 	 <p>Likelihood</p> <p>Impact</p>	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. 18 Oct 2021	 <p>Likelihood</p> <p>Impact</p>	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	30-Nov-2021
CHB IT 004m	Repurpose GJR Comms Room	Review audit results, obtain quote from Red60, identify budget.	Kevin Mulcahy	28-Sep-2021	19-Nov-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	30-Nov-2021
CHB IT 004O	UPS Project Delivery	Work is under way from by the supplier, and the hardware has been delivered, completion is expected by the end of October	Matt Gosden	18-Oct-2021	31-Oct-2021

Committee(s): Audit and Risk Management Committee – For decision Finance Committee – For decision	Dated: 30/11/2021 07/12/2021
Subject: 2020-21 City’s Cash Financial Statements	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	6/7
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 Decision
Report author: Neilesh Kakad, Group Accountant	

Summary

The Annual Report and Consolidated Financial Statements for City’s Cash for the year ended 31 March 2021 are attached at Annex 2 for approval.

In addition, the Annual Report and Financial Statements of the 10 charities (Open Spaces and sundry trusts) consolidated within the City’s Cash accounts are attached below at Annex 3 for approval. A list of the 10 charities is also included at the start of Annex 3.

The external auditor, BDO LLP is intending to issue an unqualified audit opinion for both City’s Cash and the 10 Charities Annual Report and Financial Statements. Due to audit delay BDO’s report will be made available closer to the meeting date. Any amendments made to the Annual Report and Financial Statements due to BDO’s report will be highlighted during the meeting.

The key points in the consolidated financial statements are:

- a net surplus of £28.1m which includes gains in fair value on non-property investments of £220.3m and a loss on property investments of £98.0m due to the impact of the Covid-19 on the property markets (*these figures can be seen in the Consolidated Statement of Comprehensive Income on page 19*);
- total net assets of £2,609.0m, a decrease of £66.5m (2%) since last year. The decrease is mainly due to decrease in investment properties value mentioned above . The net asset position is taken after deducting the total pensions liability of £443.5m. (*the £66.5m is shown in the Consolidated Statement of Changes in Equity on page 21*);

- financial commitments relating to City's Cash are disclosed in the notes to the financial statements and are summarised as follows:
 1. the potential contribution of £50m from City's Cash towards the Crossrail Project (*page 51, point c*); and
 2. £16.6m relating to a works contract for the refurbishment of an investment property and £3.5m for tunnel lids at Smithfield Market (*page 51, point a*); and

No significant matters are noted in the individual financial statements of the 10 consolidated charities. As in previous years the majority of the charities' income was from City's Cash grants, with some income also received from the Coronavirus Job Retention Scheme during the year.

Recommendations

The Audit and Risk Management Committee is requested to:

- Note that the external auditor BDO LLP intends to give an unqualified audit opinion for both City's Cash and the 10 consolidated charities' individual financial statements;
- Consider the contents of the Audit Management Report issued by BDO LLP (late item); and
- Recommend approval of the 2020/21 City's Cash Financial Statements, and the financial statements of each of the 10 consolidated charities, for the year ended 31 March 2021 to Finance Committee.

The Finance Committee is requested to:

- Consider the contents of the Audit Management Report issued by BDO LLP (late item); and
- Consider the resolution from the Audit and Risk Management Committee and, if appropriate, approve the 2020/21 City's Cash Financial Statements, and the financial statements of each of the 10 consolidated charities, for the year ended 31 March 2021;
- Delegate to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by BDO – which is expected by the mid-December for City's Cash consolidated financial statements, and for the consolidated charities.
- Approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the City's Cash Financial Statements, and those of each of the 10 consolidated charities, on behalf of the Court of Common Council.

Main Report

Current Position

1. The 2020-21 Annual Report and Consolidated Financial Statements for City's Cash are attached at Annex 2 for approval.
2. The Annual Reports and Financial Statements for each of the consolidated charities for the same period are attached at Annex 3 for approval. The 10 charity financial statements are listed below with their charity numbers, and are made up of the Open Spaces and other consolidated sundry trusts:
 - a. Ashtead Common (registered charity no. 1051510)
 - b. Highgate Wood and Queen's Park Kilburn (registered charity no. 232986)
 - c. West Ham Park (registered charity no. 206948)
 - d. Hampstead Heath Charity (consolidated with the Trust Fund below) (registered charity no. 803392)
 - e. Hampstead Heath Trust Fund (registered charity no. 803392-1)
 - f. Sir Thomas Gresham Charity (registered charity no. 221982)
 - g. Keats House (registered charity no. 1053381)
 - h. Burnham Beeches and Stoke Common (registered charity no. 232987)
 - i. Epping Forest (registered charity no. 232990)
 - j. West Wickham Common and Spring Park Wood (registered charity no. 232988) & Coulsdon and Other Commons (registered charity no. 232989)
3. At the time of writing, BDO's audit management report is yet to be issued as the audit review panel meeting, which reviews BDO's work, is yet to take place. Therefore, this report will be a late item added to this paper. To date no material adjustments or issues have been identified. The audit management report will be distributed to all Members of the Court of Common Council for information. Representatives from BDO LLP will attend the Audit and Risk Management Committee to present their report and to clarify any points or issues.
4. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts are scheduled to meet on 24 November 2021 to review the processes adopted by BDO LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.
5. In order to comply with the covenants in the private placement Note Purchase Agreement, the audited City's Cash consolidated financial statements along with an opinion that states that such financial statements give a true and fair view of the financial position of City's Cash, must be submitted to the private placement lenders as soon as they become available but in any event within 270 days after the end of each financial year (i.e. by 26 December).

6. The 10 sets of charity financial statements must be submitted to the Charity Commission within 10 months of their financial year end, i.e. by 31 January 2022. Due to delays with the audit, the work on the consolidated charities is ongoing, with final versions of the financial statements and completion of the work anticipated in mid-December.

Other significant items in City's Cash disclosure notes (pages 31 to 58)

Loans

7. In August 2019, the City issued debt totally £450m via private placement of which £250m was received in September 2019 with the remaining £200m being received in July 2021 (*page 44*).

Impact of COVID-19

8. Covid-19 continue to have a financial impact but largely confined to a fair value loss of £98.0m on property investments. In the prior year property investment valuations were subject to 'material valuation uncertainty' due to the impact of the pandemic on the property market. The valuer has recognised the continuing impact of COVID-19 on the hospitality and leisure sectors and reported valuations on the basis of 'material valuation uncertainty' on four of our properties. This does however mean that the majority of investment properties are valued to the same level of assurance as previously. (*accounting policy note g on tangible fixed assets, page 24*).

Financial Commitments (page 51)

9. Contribution to Crossrail - the potential contribution of £50m from City's Cash towards the Crossrail Project has been disclosed as a financial commitment in both the annual report and the notes to the financial statements. The reason for this treatment is because the payment is subject to completion of the works and, due to these being delayed, the timing of the payment has yet to be agreed.
10. Contract commitments – there are contract commitments of £16.6m relating to a works for the refurbishment of an investment property and £3.5m for tunnel lids at Smithfield Market.

Highlights from the Consolidated Statement of Comprehensive Income

Comparison with Previous Year

11. A summary of the Consolidated Statement of Comprehensive Income for the year ending 31 March 2021 is shown below. A surplus of £28.1m was achieved for the year, a positive movement of £35.3m from the £7.2m deficit in the previous year. Details of the movements from the previous year are described below.

	31/3/21 £m	31/3/20 £m	Variance £m
Operating deficit before gains in fair value of investments	(87.9)	(60.1)	(27.8)
(Loss)/Gain in fair value of property investments	(98.0)	83.4	(181.4)
Gain/(Loss) in fair value of non-property investments	220.3	(29.4)	249.7
Operating surplus/(deficit)	34.4	(6.1)	40.5
(Loss)/Profit on sale of fixed assets	(0.3)	2.6	(2.9)
Loan financing costs	(6.0)	(3.7)	(2.3)
Surplus/(Deficit) for the year	28.1	(7.2)	35.3

12. The unfavourable movement in the operating deficit (before gains in fair value of investments) for the year of £27.8m (from £60.1m in the prior year to £87.9m) is largely due to:

- net income relating to property investments and managed funds reduced by £4.6m, from £38.6m in 2019/20 to £34.0m in 2020/21. This was mainly due to COVID-19 rent free concession granted to tenants (£1.9m), increase in managed fund performance related fee (£1.7m), and increase in cost of repair and maintenance works (£1.0m);
- net expenditure on Markets increasing by £2.3m largely due to the cost of works to facilitate the Markets Consolidation Programme and the impact of COVID-19 on reducing rental income;
- net expenditure on education increased by £4.5m due to discounts offered to student and reduction of fee intake and student accommodation vacancies as a result of the pandemic;
- net pension scheme costs increased by £16.9m, from £17.1m in 2019/20 to £34.0m in 2020/21. This is mainly due to increase in cost as a result of a rise in early retirement and higher inflation; partly offset by

- net expenditure on City Representation reduced by £1.5m, as a result of reduction in activities due to local and international travel restrictions.

Movements in fair value of investments

13. As shown in the table, the fair value from property investments has moved from a gain of £83.4m in 2019/20 to a loss of £98.0m, an overall unfavourable movement of £181.4m. The loss reflects reduction in occupied premises due to the pandemic.
14. The table also shows a gain in the fair value of non-property investments of £220.3m, a movement of £249.7m compared to the loss of £29.4m in 2019/20. The gain is driven by a major recovery in investment value following the negative impact on asset values from COVID-19.
15. After the operating surplus of £34.4m (2019/20: deficit of £6.1m) it can be seen in the table that there was a loss on disposal of fixed assets of £0.3m (2019/20: profit of £2.6m) and loan financing costs of £6.0m (2019/20: £3.7m). This increase is due to loan interest from private placement being payable for the whole of 2020/21.

Comparison with Budget

16. The financial statements and the budget are not directly comparable due to differences in the way in which the two documents are constructed*. However, compared to a budgeted net deficit of £57.1m as detailed in Annex 1: City's Cash consolidated comparison of outturn with budget, the outturn on a like for like basis is a net deficit of £47.5m, favourable movement of £9.6m.
17. The budget and outturn are also analysed on a Committee basis in Annex 1.
18. The net £9.6m better than budget position is largely due to operational underspend of £2.6m, central contingences not being fully required of £3.7m, repairs and maintenance programmes slippage of £1.1m and higher estate rent income of £5.9m.

Consolidated Charities Summary

19. The consolidated charities' total income across all charities was £23.0m, of which £17.1m was made up of grants from City's Cash, with the remainder coming from investments, charitable activities and a small amount from other grants including the Coronavirus Job Retention Scheme. There were no significant changes in activities compared to 2019/20.

* the budget includes the draw-down from non-property investments, whereas the Consolidated Statement of Comprehensive Income (CSoCI) does not as this is a transfer between investments and cash, however, the CSoCI includes the movements in fair value of investments but the budget does not account for such movements in the market value of assets. The budget also does not include accounting adjustments for holiday pay accruals and pension scheme actuarial gains or losses.

Consolidated Statement of Financial Position

20. City's Cash net assets total £2,609.0m as at 31 March 2021 compared to £2,675.5m a year earlier reflecting the £66.5m total loss recognised for the year as set out in the following table:

Changes in Equity	31/3/21 £m	31/3/20 £m	Variance £m
Surplus/(Deficit) for the financial year	28.1	(7.2)	35.3
Unrealised gains/(losses):			
Gain/(loss) on revaluation of non-property investments	6.7	(6.3)	13.0
Deferred taxation	(2.9)	0.5	(3.4)
Actuarial (loss)/gain on defined benefit pension schemes	(98.4)	18.7	(117.1)
Net (decrease)/increase in funds	(66.5)	5.7	(72.2)

The actuarial loss on defined benefit pension schemes is mainly due to change in assumptions underlying the present value of the pension liabilities. The change in assumptions relates to decrease in discount rate, from 2.35% to 2% and higher inflation, with the assume rate now at 2.8% compared to the previous 1.9%.

Approval of the Financial Statements

21. It is recommended that the Finance Committee approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 30 November.

Annexes

- Annex 1 – City's Cash – comparison of consolidated outturn with budget
- Annex 2 – Annual Report and Financial Statements of City's Cash
- Annex 3 – Annual Report and Financial Statements of the 10 consolidated charities

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Annex 1 - City's Cash consolidated comparison of outturn with budget

City's Cash Outturn 2020/21			
	Budget	Outturn	Variation Better/ (Worse)
	£m	£m	£m
1. Net expenditure on services	(110.4)	(93.9)	16.5
2. Supplementary revenue projects	(2.5)	(14.2)	(11.7)
3. Estate rent income	52.2	58.1	5.9
4. Non-property investment income (net)	1.6	2.7	1.1
5. Interest on balances	0.8	(0.2)	(1.0)
7. Profit on asset sales	1.2	0.0	(1.2)
8. (Deficit) Surplus (from) to reserves	(57.1)	(47.5)	9.6

City's Cash consolidated - Comparison with Budget on a Committee Basis

2020/21 Budget v Outturn - City's Cash Summary by Committee						
Committee	Budget Net	Outturn	Variation Better/(Worse)			
			Total	Local Risk	Central Risk	Support Services
	£m	£m	£m	£m		£m
Culture, Heritage & Libraries	(0.9)	(0.7)	0.2	0.2	-	-
Education Board	(3.5)	(3.5)	-	-	-	-
Finance	(34.7)	(29.0)	5.7	0.2	3.5	2.0
G. P. Committee of Aldermen	(4.3)	(3.6)	0.7	-	0.7	-
Guildhall School of Music and Drama	(12.3)	(14.6)	(2.3)	(1.9)	(0.1)	(0.3)
Markets	(1.3)	(1.1)	0.2	0.6	(0.3)	(0.1)
Open Spaces :-						
Open Spaces Directorate	-	-	-	0.1	-	(0.1)
Epping Forest and Commons	(8.5)	(7.9)	0.6	0.5	0.1	-
Hampstead, Queen's Park and						
Highgate	(7.6)	(7.5)	0.1	0.1	-	-
Bunhill Fields	(0.3)	(0.2)	0.1	0.1	-	-
West Ham Park	(1.4)	(1.3)	0.1	0.1	0.0	-
Policy and Resources	(20.0)	(16.9)	3.1	0.2	3.0	(0.1)
Property Investment Board	42.1	43.4	1.3	(0.6)	1.8	0.1
Schools :-						
City of London School	(1.8)	(1.8)	-	(0.1)	0.1	0.0
City of London Freeman's School	(1.9)	(2.0)	(0.1)	(0.1)	-	-
City of London School for Girls	(0.7)	(0.8)	(0.1)	-	-	(0.1)
(Deficit) Surplus (from) to reserves	(57.1)	(47.5)	9.6	(0.6)	8.8	1.4

Agenda Item 9

Committee(s): Audit and Risk Management Committee – For decision Finance Committee – For decision	Dated: 30/11/2021 07/12/2021
Subject: 2020-21 City Fund and Pension Fund Statement of Accounts	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	6/7
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 Decision
Report author: Neilesh Kakad, Group Accountant	

Summary

The latest version of the 2020-21 City Fund and Pension Fund Statement of Accounts can be found in appendix 1. The majority of audit work has been completed and findings to date have been incorporated into this version. However, at the time of writing, a small number of audit areas and the final review process are to be completed. An up to date position will be presented by BDO at your Committee. An unqualified opinion is expected.

As has been the case for the majority of local authorities, the scheduled audit sign-off date of 30 September has been missed due to auditor availability. There is no formal penalty for missing this deadline and all efforts have been made to present the accounts to your Committees as soon as possible for approval.

The key points to highlight from the financial statements are:

- There were no significant accounting standard changes for the year.
- There was a deficit on the provision of service of £97.6m. This was largely driven by impairments in the valuations of Housing Revenue Account (HRA) dwelling, deficits linked to the annual International Accounting Standard (IAS)19 valuation of the pension liability and a deficit in the collection fund due to business rate collection. It should be noted that these are technical adjustments required by regulations and do not pose an immediate issue to the City Fund position.
- Net assets have reduced by £405.7m, which has been driven by the annual IAS19 valuation of the pension liability. Increases in the discount rate and inflations expectations (both of which are independently determined) have led

to an increased deficit position. This position does not pose an immediate issue for City Fund.

- Useable reserves have increased by £77.3m reflecting the underspend on City Fund activity of £36.2m and an increase in earmarked reserve due to grants received from Govt to offset business rate income losses due to new reliefs and compensation for collection losses.

Recommendation(s)

The Audit and Risk Management Committee are asked to:

- Consider the content of BDO's audit management report (late item);
- Recommend approval of the 2020-21 City Fund and Pension Fund Statement of Account to Finance Committee; and
- Delegate authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, approval of any material change to the financial statement required before the signing of the audit opinion by BDO, which is expected by mid-December.

The Finance Committee are asked to:

- Consider the content of BDO's audit management report (late item);
- Consider the resolution from the Audit and Risk Management Committee and, if appropriate, approve the 2020-21 City Fund and Pension Fund Statement of Accounts; and
- Delegate to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by BDO – which is expected by the mid-December
- approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the 2020-21 City Fund and Pension Fund Statement of Accounts on behalf of the Court of Common Council.

Main Report

Background

1. The 2020-21 City Fund and Pension Funds Statement of Accounts are set out in Appendix 1.
2. The Accounts and Audit Regulations 2015, amended by The Account and Audit (Amendment) Regulations 2021, have set the draft publication deadline for these

accounts as 31 July with the audit completion deadline as 30 September. Whilst the draft publication deadline was met, in common with the majority of local authorities, the 30 September deadline was missed due to auditor capacity.

3. Approval of each year's financial statements has been delegated by the Court of Common Council to Finance Committee.
4. The statements are prepared in accordance with proper accounting practice as set out in the Code of Practice on Local Authority Accounting 2020-21 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS).

Summary of 2020-21 City Fund Accounts

Revenue

5. The provisional net expenditure for spend against Committee budgets is £17.5m better than budget. This position has been largely due to delays in repairs and maintenance and capital/SRP spend impacting the financing required for the year. The Barbican also underspent against the revised budget position, which saw a further £11.4m allocated to mitigate the impact of COVID-19 on revenues. More detailed analysis of the outturn compared to budget has been submitted to spending committees.
6. Bringing in funding from taxation and grants, the City Fund was £36.2m better than budget. This is an improved position from the £23m budgeted transfer to reserves. Additional funds were received from Govt to mitigate the impact of COVID-19 including support for lost sales, fees and charges income (£11.9m) and un-ringfenced funding to support additional costs local authorities incurring due to the pandemic (£1.1m).
7. In accordance with the City's budget management arrangements, requests for the carry forward of City Fund resources totalling £3.9m have been approved by the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee. This will increase the call on the City Fund General Reserve in 2021-22.
8. The £36.2m better than budget position represent performance against the day to day spend as approved by the Court of Common Council. This then forms the basis for the Comprehensive Income and Expenditure Statement (CI&ES), which accounts for technical accounting adjustments as set out in regulation. These adjustments result in a £97.6m deficit being reported. The movements that bring about these changes are set out in note 4 of the accounts. The key areas that move us to this position are:
 - Changes to property valuations and depreciation charges (£49.1m). This includes an impairment charge of £14.5m due to a reduction in the factor applied to HRA dwelling from 30% to 25%. This is a technical adjustment required to recognise the lower value of dwellings let at below market rents

which has been derived from market rents, which have increased, to social housing rents, which have remained static.

- Adjustments relating to the annual IAS19 valuation of the pension fund liability (£49.6m). Further detail on this is provided below.
- Accounting for collection fund deficits (£82.1m), which have resulted from the expansion of business rate reliefs by Government to assist the retail, leisure, and hospitality sector during 2020-21. These reliefs are funded by Government but due to the timing of these changes, a deficit has occurred in the collection fund. The majority of this will be unwound in 2021-22.

Balance Sheet

9. The balance sheet net assets have reduced by £405.7m, from £1,587.7m to £1,182.0m. The majority of this change (£349.2m) has come from an increase in the pension fund liability, discussed below. The remaining amount is made up of a reduction in the value of investment properties (£24.4m) and the reduction in HRA dwelling valuations.
10. Usable reserves have increased by £62.6m, from £293.2m to £355.8m. This is due to the revenue underspend for the year (£36.2m) and additional grants received to offset business rate income losses (£47.9m). Note the latter does not form part of the revenue underspend.

Pension Fund Liability

11. The City Fund pension liability totals £1,611.0m, an increase of £349.2m compared to the previous year (£1,261.8m). The liability arises from applying the requirements of IAS 19. This accounting standard is complex but is based on the principle that an organisation should recognise liabilities for pension benefits as they are earned, even if the payment of such benefits will be many years into the future. The estimated net liabilities are calculated by independent actuaries, Barnett Waddingham. A breakdown of the liability between the 3 pension schemes operating under City Fund is shown below.

Net Pension Liability breakdown by scheme	31 March 2020	31 March 2021
City of London Pension Scheme - City Fund 51%	(324.2)	(469.1)
Police Pension Schemes	(934.9)	(1,139.1)
Judges Pension Scheme	(2.7)	(2.8)
Total	(1,261.6)	(1,611.0)

12. The Police and Judges' schemes are wholly accounted for by the City Fund but the Local Government Pension Scheme (LGPS), which is open to all other staff who don't qualify for the other schemes, is apportioned on employer's contributions between the City Corporations 3 funds (City Fund, City's Cash and Bridge House Estates) so to present a fairer view of the funds' financial positions than if the deficit were excluded.

13. Pension fund deficits (or surpluses) are relatively sensitive to movements in the underlying assumptions. Details of these assumptions can be found in note 23 of the accounts. It is the change in these assumptions which has resulted in the significant movement in the liability. The 2 most significant changes have been in the discount rate (derived from corporate bond yields), which has reduced from 2.35% to 2%, and assumptions around inflation, which have increased by 0.9%, from 1.9% to 2.8% (based on Bank of England forecasts). Both have the effect of increasing the value of liabilities.
14. Whilst this is a material movement, it does not pose an immediate issue to City Fund and it should be noted that these values do alter from year to year.
15. The employer's pension contribution rate is a separate issue from the IAS19 calculations. It is considered and determined by Finance Committee following each triennial valuation (updated by any subsequent interim valuations). The triennial valuation considers the period over which the pension deficit should be recovered through employer's contributions and the City Corporation is consulted on the assumptions used by the actuary for these valuations. Following the triennial valuation as at 31 March 2019, Finance Committee agreed to maintain the City of London Corporation's employer's contribution rate at 21% for the years 2020-21 to 2022-23 in order to recover the pension fund deficit over a period of 14 years from 2020-21.

Audit Progress

16. At the time of writing the majority of audit work had been completed with no significant issues found. It is therefore expected that an unqualified opinion will be given. Completion of a small number of areas and the final review progress are still outstanding, and an update will be provided by BDO at your Committee meeting along with their audit management reports. These will also be distributed to all Member of the Court of Common Council for information.
17. As with most local authorities, the intended completion of the audit by 30 September was not met. This reflects the impact of delayed 2019-20 audits, in part due to COVID-19, and wider issues in the local authority audit market with regards to resources and regulatory requirements.
18. Due to these delay, the audit management report produced by BDO will be a late item added to this paper for your review.

Proposals

19. It is proposed that the 2020-21 City Fund and Pension Fund Statement of Accounts be approved by your Committees with the caveat that should any material adjustments be required, this be delegated to the Chamberlain to action in consultation with the Chairman and Deputy Chairman of Audit and Risk Management and Finance Committee.

Corporate & Strategic Implications

Strategic implications – none

Financial implications - none

Resource implications - none

Legal implications - none

Risk implications - none

Equalities implications – none

Climate implications - none

Security implications - none

Conclusion

20. Following publication of the unaudited 2020-21 City Fund and Pension Fund Statement of Accounts and the audit of these accounts, is it recommended that these are approved as audited statements.

Appendices

- Appendix 1 – 2020-21 City Fund and Pension Fund Statement of Accounts

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Chamberlain's Department

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Committees: Finance Committee – For decision	Dates: 7 December 2021
Subject: Sundry Trusts (for which the Corporation is Trustee): Annual Report and Financial Statements 2020/21	Public
Report of: The Chamberlain	For decision
Report author: Julia Megone, Charity Accountant, Chamberlain’s Department	

Summary

This report seeks approval for the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2021, listed at Annex 1.

There are 15 Annual Reports and Financial Statements relating to the Sundry Trusts of which the City Corporation is Trustee, or otherwise had rights of nomination or appointment of the majority of trustees, whose accounts are audited by BDO LLP alongside the Corporation’s other Funds. The Finance Committee approves the 11 financial statements of charities where the Corporation is Trustee, which are set out at Annex 1.¹

For these charities, draft Annual Report and Financial Statements for the year ended 31 March 2021 are attached at Annex 2 for approval.

The audit work has been substantially completed and the Audit Review Panel commenced its work on 19 November 2021, with no significant issues expected. BDO LLP intend to issue an unqualified opinion for each set of accounts.

The financial statements of the charities for the year ended 31 March 2021 have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard 102 (FRS 102).

The key points to highlight within the financial statements are:

- The charities generally benefitted from the recovery in value of investments in 2020/21, following large losses reflected in the previous year’s financial statements as a result of the decline in asset prices in early 2020 due to the global Covid-19 pandemic
- Overall income reduced because in the prior year some charities recognised income from closed charities’ funds being transferred (which was a one-off in 2019/20 when funds were transferred), and as a result of a reduction in fundraising income at the Bursary charities; expenditure was stable year on year.

¹ Where charities have individual trustees, or where the Trustee is acting through the Court of Aldermen (detailed in Annex 1), the accounts will be approved by the respective trustees or the Aldermen.

Recommendations:

The Finance Committee is asked to:

- Note that the external auditor BDO LLP intends to give an unqualified audit opinion on each set of charity financial statements;
- Consider the contents of the audit management report issued by BDO LLP (late item); and
- Consider the resolution from the Audit and Risk Management Committee and, if appropriate, approve the financial statements of the charities listed at annex 1 for the year ended 31 March 2021;
- Delegate to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by BDO – which is expected by mid-December;
- Approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements of the charities listed at Annex 1 on behalf of the Court of Common Council.

Main Report

1. The 2020/21 Annual Report and Financial Statements for the 11 Sundry Trust charities where the Corporation is Trustee are presented for review.
2. The Charity Commission requires charities to submit their annual report within 10 months of their financial year-end, that is, by 31 January 2022.

Audit Opinion

3. The external auditor (BDO LLP) intends to give an unqualified opinion on the Annual Reports and Financial Statements of each of the Sundry Trust charities. The audit reports for 2020/21 have been expanded in line with revisions to auditing standards applicable for periods commencing on or after 15 December 2019, and now include a more detailed narrative on going concern and an explanation of to what extent the audits were considered capable of detecting irregularities, including fraud.
4. BDO issued the draft Audit Management Report as a late report to Audit & Risk Management Committee. There were no significant accounting adjustments or changes to the financial statements identified by the auditors; two immaterial accounting adjustments were found, which will be amended in the final financial statements. There were two internal control points; the first was in relation to a lack of formal fixed asset register for the Almshouses charity, and this will be addressed by your officers. The second control finding related to payroll, has been raised across the financial statements relating to the Corporation, and is being addressed by your officers.
5. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts commenced its work on 19 November 2021 to review the processes adopted by

BDO LLP. At the point of writing this paper, we are awaiting their feedback.

Summary of the financial statements

6. The Sundry Trust charities are listed at Annex 1. Excluding the Charities Pool (which is an investment vehicle for the other charities), the remaining 14 Trusts:
- received income of £2.3m (2019/20: £2.8m) of which £1.0m was from investments (2019/20: £0.9m); the fall in overall income was mainly due to prior year one-off transfers of two other closed charities' funds into Emanuel Hospital, and a decline in donation and legacy income in the City of London School for Girls Bursary Fund.
 - incurred charitable expenditure of £1.6m (2019/20: £1.6m) including:
 - £1.1m (2019/20: £1.3m) comprising 379 grants, prizes, pensions and bursaries paid to individuals or organisations (2019/20: 380 grants, prizes, pensions and bursaries); and
 - £0.3m towards the running costs of the City of London Almshouses (2018/19: £0.3m);
 - incurred costs of raising funds of £0.0m (2019/20: £0.1m);
 - had unrealised gains of £4.6m from managed investments (2019/20: £4.2m losses); The valuations are linked to the UK stock market, which experienced a significant rise during 2020/21 following a steep prior to the previous year end in March 2020 as a result of the Coronavirus (COVID-19) pandemic; and
 - held total funds of £28.2m as at 31 March 2021 (2019/20: £23.0m), an increase of £5.3m (23.2%) from the same point in 2020. Again, this gain reflects the increase in value of invested funds following the bounce back in investment valuations following the initial impact of Covid-19 in February and March 2020.

Audit Progress and Opinion

7. BDO's audit work is substantially complete, apart from final reviews prior to sign-off. It is anticipated that the audit will be concluded satisfactorily to enable BDO to issue unqualified opinions as stated within paragraph 3 of this report.
8. The Audit Review Panel commenced its work on 19 November 2021. It is expected that the review will be concluded satisfactorily with no concerns. BDO representatives attended the Audit and Risk Management Committee to present their completion report, update on the status of the audits and to clarify any points or issues raised.
9. Each signed annual report and financial statements will be submitted to the Charity Commission and will be available to download from the Commission's website. The documents will further be available of the City Corporation website. The final management report from BDO on its audit will be presented to the Court of Common Council for information.

Approval of the Financial Statements

10. It is recommended that the Finance Committee approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 30 November.

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Annex 1: List of the Sundry Trust charities, including charity registration numbers and a note of those charities with individual trustees

Annex 2: Annual Reports and Financial Statements of the Sundry Trust charities recommended for approval and signing

Annex 1

SUNDRY TRUSTS

The Corporation is Trustee of the charities listed below, for which the financial statements are presented for approval and signature

The City of London Charities Pool (*charity no. 1021138*)

King George's Field (*charity no. 1085967*)

Guildhall Library Centenary Fund (*charity no. 206950*)

City Educational Trust Fund (*charity no. 290840*)

City of London Combined Relief of Poverty (*charity no. 1073660*)

Charities administered in connection with the City of London Freeman's School (23 separate charities) (*charity no. 312120*)

City of London School Bursary & Awards Fund (*charity no. 276654*)

City of London School for Girls Bursary Fund and the City of London School for Girls Scholarships & Prizes Fund (*charity nos. 276251 and 276251-5; one set of financial statements for these linked charities*)

City of London Freeman's School Bursary Fund (*charity no. 284769*)

City of London Combined Education Charity (*charity no. 312836*)

City of London Almshouses (*charity no. 1005857*)

For information:

*In addition to the above charities, BDO also audited the following sundry trusts for which the Trustee is other than the Corporation. Charities marked with a (**) have individual trustees; for the charity marked with (***) the Corporation is Trustee acting through the Court of Aldermen; and*

*Emanuel Hospital (charity no. 206952) ****

*Sir William Coxen Trust Fund (charity no. 206936) ***

*Samuel Wilson's Loan Charity (charity no. 206964) ***

*Vickers Dunfee Memorial Benevolent Fund (charity no. 238878) ***

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Committee(s)	Dated:
Resource Allocation Sub Committee Bridge House Estates Board Finance Committee Policy & Resources Committee	19 November 2021 24 November 2021 7 December 2021 16 December 2021
Subject: Capital Funding – Prioritisation of 2022/23 Annual Capital Bids - Initial Review	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	These capital bids span all 12 outcomes of the Corporate Plan to some degree
Does this proposal require extra revenue and/or capital spending?	No decisions about specific commitments are required at this stage
If so, how much?	£
What is the source of Funding?	All <u>central</u> funding sources of the three main funds could be impacted
Has this Funding Source been agreed with the Chamberlain’s Department?	
Report of: The Chamberlain	For Decision
Report author: Dianne Merrifield, Group Accountant (Capital)	

Summary

In this third annual capital bid round, there are 47 live bids amounting to **£61.9m**. Most of the submissions have been classified as essential and identified against one of the agreed prioritisation criteria. Based on the narrative supporting the bids, an assessment of how essential these schemes appear from a corporate perspective has been undertaken using a RAG rating approach - resulting in £24.3m green, £29.3m amber and £8.4m red.

To set these bids in to some context, £89m of capital bids were originally approved in principle via the 2020/21 annual capital bid process and £83.5m via the 2021/22 bid round. However, these annual levels of bids were considered to be exceptional and unsustainable on an ongoing basis alongside the other current financial priorities and pressures such as the major projects and balancing of the revenue budgets.

Accordingly, through discussions at the Resource Allocation Sub Committee Awayday, the following upper limits of funding for new bids was proposed for City Fund and City’s Cash:

- £20m for City Fund (incorporating bids to be funded from the On-Street Parking Reserve, Community Infrastructure Levy and central capital/revenue reserves)
- £10m for City’s Cash from general reserves.

This level of funding is broadly in line with the average level of centrally funded schemes over previous years.

The Bridge House Estates funding requirement for these centrally funded schemes is limited to the appropriate share of corporate IT and Guildhall office-related projects and therefore the amounts involved are usually relatively modest.

The initial assessment, which has been determined in consultation with senior officers, has resulted in the current level of green bids, at £24.3m, falling within these limits. Subject to feedback from Members and providing those bids remain within the £30m overall limits, it is therefore proposed that funding for the green bids be approved in principle for 2022/23, to be incorporated into the medium-term financial plans. It is further proposed that amber and red bids are not funded in this annual round, but with amber bids to be placed on a reserve list in the event that headroom in the provisions for green bids is identified.

For Bridge House Estates, the total share of corporate schemes rated as green amounts to £0.1m, which can be accommodated from the balances on the unrestricted income fund. These schemes have senior officer and member oversight and will be taken to the November BHE Board for approval including any updates from this meeting.

Post RASC addendum: At the meeting of RASC on 19th November, delegated authority to consider options for reduced 2022/23 central funding allocations for one amber-rated and one red-rated scheme were agreed:

- St Paul's Gyrotory
- St Paul's Cathedral Lighting

It was agreed that officers go away and come back with a revised bid for Walbrook Wharf feasibility.

The draft minute from RASC is added as an appendix .

Recommendation(s)

Members are asked to:

- Note the total value of City Fund and City's Cash bids amounting to £61.9m against a target upper limit of £30m (excl BHE).
- Review the initial RAG rating of £24.3m green, £29.3m amber and £8.4m red contained in the appendices (determined in consultation with senior officers).
- Agree that, subject to Member feedback, funding for the green bids be incorporated into the medium-term financial plans, providing they remain within the £30m overall limits for City Fund and City's Cash and remain at a similar modest level for Bridge House.
- Agree in principle that bids with a final RAG rating of amber and red be deferred, subject to further consideration of reduced funding options for the three schemes highlighted in the RASC draft minute (see appendix.)

- Agree that amber-rated bids be placed on a reserve list to be progressed in the event that funding headroom is identified.
- Note that the final decision on the green-rated bids for inclusion in the 2022/23 draft budgets will be confirmed at the joint meeting of RASC and the service committee and Bridge House Estates Board chairmen in January 2022.

Main Report

Background

1. Members have agreed the necessity for effective prioritisation of capital and SRP projects, with central funding allocated in a measured way via the annual capital bid process by applying prioritisation criteria to ensure that corporate objectives are met and schemes are affordable.
2. The following criteria against which capital and supplementary revenue projects are assessed have been agreed:
 - i. Must be an essential scheme (Health and Safety or Statutory Compliance, Fully/substantially reimbursable, Major Renewal of Income Generating Asset, Spend to Save with a payback period < 5 years.)
 - ii. Must address a risk on the Corporate Risk register; or the following items that would otherwise be escalated to the corporate risk register:
 - a. Replacement of critical end of life components for core services;
 - b. Schemes required to deliver high priority policies; and
 - c. Schemes with a high reputational impact.
 - iii. Must have a sound business case, clearly demonstrating the negative impact of the scheme not going ahead, i.e. penalty costs or loss of income, where these are material.

In addition, bids in support of the Climate Action Strategy are to be allowed a degree of priority, subject to affordability.

3. The scope of schemes subject to this prioritisation relates only to those funded from central sources, which include the On-Street Parking Reserve, Community Infrastructure Levy (CIL), flexible external contributions and allocations from the general reserves of City Fund or City's Cash. This means that projects funded from most ring-fenced funds, such as the Housing Revenue Account, Designated Sales Pools and Cyclical Works Programmes are excluded, together with schemes wholly funded from external grants, and tenant/developer contributions e.g. under S278 agreements and most S106 deposits.
4. In view of the various current financial pressures arising from the pandemic and other high priority initiatives, Chief Officers were requested to submit bids for only the most critical and essential schemes for the 2022/23 bid round.

Current Position

5. Departments have submitted their bids for central funding from 2022/23 which they consider necessary to deliver business plans. It should be noted that whilst these schemes are to be started during 2022/23, costs are anticipated to be incurred over the medium term as the lead-in time for projects mean that they routinely span across more than one financial year.

6. There are 47 live bids amounting to £61.9m, most of which have been classified as essential and identified against one of the agreed prioritisation criteria. Based on the narrative supporting the bids, an assessment of how essential these schemes appear from a corporate perspective has been undertaken using a RAG rating approach where:

Green = demonstrates the essential criteria

Amber = essential criteria less clear

Red = does not demonstrate essential criteria/not essential to do now.

7. The table below shows the outcome, with £24.3m green, £29.3m amber and £8.4m red.

	Green	Amber	Red	Total
	£000	£000	£000	£000
Critical End of Life Replacement	5,280	10,030	3,065	18,375
Statutory Compliance/Health and Safety	7,784	-	2,774	10,558
High Profile Policy Initiative	11,236	19,120	-	30,356
Other	-	100	2,500	2,600
	24,300	29,250	8,339	61,889

Listings of the projects within each of the green, amber and red categories are attached in the appendix, together with a brief commentary on each to inform the red/amber/green rating.

8. This analysis has been determined in consultation with senior officers, with particular discussion around the amber and red rated bids to ensure consistency and consensus of approach. For example, during discussions the top-up bid for the Guildhall Masterplan feasibility (£1.15m) was moved to green as completion was considered essential to inform the potential of this major initiative, whilst the Hampstead Heath Pergola bid (£1.5m) was moved to red to reflect the proposed external funding approach.

Affordability

9. To set these bids in to some context, £89m of capital bids were approved in principle via the 2020/21 annual capital bid process and £83.5m via the 2021/22 bid round. However, bids of this magnitude were considered to be exceptional and unsustainable on an ongoing basis alongside the other current financial

priorities and pressures such as the major projects and balancing of the revenue budgets.

10. Accordingly, through discussions at Resource Allocation Sub Committee Awayday, the following target allocations of funding for new bids was proposed:

- £20m for City Fund (incorporating bids to be funded from the On-Street Parking Reserve, Community Infrastructure Levy and central capital/revenue reserves
- £10m for City's Cash from general reserves.

11. In order to further assess affordability, bids have been identified against the relevant funding source as summarised below:

	Green	Amber	Red	Total
	£000	£000	£000	£000
City Fund:				
-OSPR	3,450	18,320	1,000	22,770
-CIL	7,533	-	-	7,533
-Capital	2,211	8,670	3,827	14,708
-Revenue	1,947	496	-	2,443
City Fund	15,141	27,486	4,827	47,454
City's Cash	9,044	1,670	3,487	14,201
BHE	115	94	25	234
Total	24,300	29,250	8,339	61,889

12. The following analysis shows the level of green bids against the individual target funding allocations:

	Funding Targets	Green Bids	Headroom
	£000	£000	£000
City Fund	20,000	15,141	4,859
City's Cash	10,000	9,044	956
BHE	N/A	115	N/A
	30,000	24,300	5,815

This headroom allows a degree of flexibility to take on board Member feedback and comments arising from the joint meeting of RASC and service committee chairmen, or other urgent needs that may arise in 2022/23.

13. As a consequence, it is therefore proposed that bids with a final RAG rating of amber and red will not be funded at this time, although amber schemes will be placed on a reserve list, to be progressed in the event that funding headroom is identified.

14. Bridge House Estates funding towards these centrally funded schemes is limited to the appropriate share of corporate IT and Guildhall office-related projects and therefore the amounts involved are usually relatively modest. The total share of such corporate, green-rated bids amounts to £0.1m, which

can be accommodated from the balances on the unrestricted income fund following approval by Bridge House Estates Board.

Next Steps

15. Based on the current assessment, it is proposed that the green bids be modelled in the draft medium term financial plans to inform the 2022/23 budget proposals (Amber and red bids to be deferred).
16. Next steps will be to take on board member feedback with confirmation of the green-rated bids via the joint meeting of RASC and service committee and Bridge House Board chairman in January 2022

Conclusion

17. In this third annual capital bid round, there are 47 live bids amounting to **£61.9m**. Most of the submissions have been classified as essential and identified against one of the agreed prioritisation criteria. Based on the narrative supporting the bids, an assessment of how essential these schemes appear from a corporate perspective has been undertaken using a RAG rating approach - resulting in £24.3m green, £29.3m amber and £8.4m red.
18. A target allocation of £30m (£20m City Fund and £10m City's Cash) for the 2022/23 capital bids was agreed at the Resource Allocation Sub Committee Awayday. At £24.3m, the current level of green rated bids falls within these limits, also allowing a degree of flexibility to take on board Member feedback and comments arising from the joint meeting of RASC and service committee chairmen.
19. Recommendation bids with a final rating of amber and red will not be funded at this time, although the amber list schemes will be placed on a reserve list to be progressed in the event that any funding headroom is identified.

Report author

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Appendices: Green/Amber/Red Bids
Draft Minute from RASC 19/11/21

2022/23 Annual Bids - Initial Assessment Green

Project Name	City Fund £'m	City's Cash £'m	BHE £'m	Total Funding Allocation £'m
Critical end of life replacement:				
BEMS Upgrade Phase 2 - Heathrow Animal Reception Centre and various OS sites at Epping	0.150	0.100	-	0.250
IT - Members IT refresh (to align with new personal device roll-out for staff)	0.192	0.087	0.021	0.300
IT - Managed Service re-provisioning (one-off costs due to end of current contract)	0.320	0.145	0.035	0.500
IT - Corporate Managed Print Service (one-off costs due to end of current contract)	0.032	0.015	0.004	0.050
IT - Server Upgrade/replacement	0.064	0.029	0.007	0.100
Mansion House - essential roof repairs	-	0.330	-	0.330
OS Hampstead Heath - Parliament Hill Athletics Track Resurfacing	-	2.000	-	2.000
Guildhall School - Repairs to roof, expansion joint repairs and drainage and water systems (subject to holistic approach for highwalks, Barbican and School)	-	1.750	-	1.750
Health and Safety/Statutory Compliance:				
Fire Safety - Guildhall Complex Fire Stopping all basement and plant areas	0.202	0.210	0.008	0.420
Fire Safety - Baynard House Car Park Sprinklers Replacement (remaining floors)	0.250	-	-	0.250
Central Criminal Court: Cells Ventilation - Top-Up bid to meet full scope of statutory requirements. (£1m bid agreed in principle as part of the 2021/22 capital bid round.)	1.000	-	-	1.000
OS Epping Forest - COVID-19 Path Restoration Project	-	0.250	-	0.250
OS Queen's Park Play Area and Sandpit replacement of equipment	-	0.055	-	0.055
Barbican Centre - Replacement of Central Battery Units for Emergency Lighting system	0.280	-	-	0.280
Guildhall School - Rigging infrastructures in Milton Court Concert Hall	-	0.460	-	0.460
Guildhall School - Safe technical access and working at height - Silk Street Theatre	-	0.345	-	0.345
Smithfield Market - Glass Canopy Overhaul	-	0.300	-	0.300
Smithfield Market - East Poultry Avenue Canopy Repairs and Remedial Works	-	0.600	-	0.600
Smithfield Car Park - Ceiling Coating and Damp Works	-	1.050	-	1.050
Beech Street Transportation and Public Realm project top-up to deliver permanent air quality and associated public realm improvements following successful experiment.	2.500	-	-	2.500
DCCS - Social Care Case Management System	0.144	-	-	0.144
IT - Building Management System Wired Network to maximise efficiencies of new BEMS systems	0.083	0.038	0.009	0.130
High Priority Policy:				
Secure City Programme - Year 3	8.936	-	-	8.936
IT Security	0.128	0.058	0.014	0.200
Guildhall Complex Masterplan - Redevelopment of North and West Wing Offices (top-up)	-	1.150	-	1.150
Bank Junction Improvements: All Change at Bank - top-up to cover inflation risk of delivering the minimal scheme	0.700	-	-	0.700
IT - HR System Portal required in advance of the new ERP system delivery	0.160	0.073	0.017	0.250
Total Green Funding Bids	15.141	9.044	0.115	24.300

Total 27 (of 47)

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Extracted Minute from Resource Allocation Sub-Committee – November 2021

6. CAPITAL FUNDING - PRIORITISATION OF 2022/23 ANNUAL CAPITAL BIDS - INITIAL REVIEW

The Sub-Committee considered a report of the Chamberlain regarding an initial review Capital Funding Prioritisation of 2022/23 Annual Capital Bids.

Members were informed that Senior Officers had debated and prioritised the bids into a traffic light system of Green (demonstrates the essential criteria), Amber (essential criteria less clear) and Red (does not demonstrate essential criteria/not essential to do now). The list had already been challenged by the Chair and Deputy Chairman who made some adjustments.

Members considered the proposed Green/Amber/Red Bids and approved them all. The following comments were made on individual bids on the Amber and Red lists:

- **Barbican Centre - Repairs to roof, expansion joint repairs and drainage and water systems** – it was felt a holistic approach to all works at the Centre, including the podium and the Renewal Project, was needed. Members were happy for Officers to take additional time to explore this.
- **DCCS - Library Management System** – it was hoped a plan would be developed to maximise a single management system.
- **Walbrook Wharf Feasibility Study - 2027 & beyond** – this project was considered too premature to be Green. The Corporate Property Group Director felt it was deceptive to refer to the project post-2027 as Officers hoped to be ready with planning consent, a waste management system decision and aspiration to introduce rivers by 2027 at the latest. A plea was made to the Sub-Committee for some funding to be made available to move the project forward.

The Deputy Chairman, after having discussions with the Chair for CASC, thought it unlikely to incur increased costs if the project was delayed for a year, and Members were content provided it was Green by next year.

In response to queries, it was confirmed this was to cover a number of key decisions, cap projects and surveys which required strategic direction. Officers agreed to come back to the Sub-Committee with a revised bid.

- **IT - Data Repository/Warehouse** – a Member noted the complexity of the subject and felt it would be helpful to invite Officers involved in individual projects to provide the Sub-Committee with relevant information, as often Members were only aware of issues and implications if the project fell within their own committee areas.

An Officer confirmed IT issues had been included within the TOM process and focus was given to what has to happen rather than what would be nice to happen. Officers agree to invite Chief Officers to the meeting considering Amber and Red projects.

- **Guildhall Complex Post Covid New Ways of Working - Stage 2 works and furniture** – Members acknowledged the difficulties as it was not yet clear where to aim. Officers

confirmed the project had begun looking and the North and West of Guildhall, and clear direction on the shape of the project was still needed.

- **St Paul's Gyrotory** – the Chair read comments received in advance of the meeting from a Member who asked if a) Officers could split out the different elements of the Gyrotory project to get clarity on what costs and timeline for realisation is of each element; b) endorsement of the recommendation that a “minimal allocation to fund investigations to inform the central funding requirement” is approved to be signed off under delegated authority to ensure the process progresses whilst not yet moving into Green for 2022/23, and c) instruct Officers to engage with developers of 81 Newgate Street and other local projects to get clearer understanding of the level of their financial contributions to improvements to the public realm. Members and Officers were supportive of the suggestions and approved the delegated authority.
- **St Paul's Cathedral Re-Lighting** – a Member noted that there were a number of upcoming important anniversaries plus other events with St Paul's at the heart of national events. Currently, half of the dome was not lit and there were general health and safety concerns. The Member asked if this could be considered as a Capital Bid, subject to necessary conditions, e.g. that it be made clear the revenue costs for lighting be borne from revenue at the Cathedral.

The Chair declared an interest in St Paul's noting that she sat on the Cathedral's Council.

Members discussed the informal agreement and questioned what the City Corporation's responsibilities were, the S106 obligations and why the Cathedral were not financing the costs as it was not a Corporation owned building and the Cathedral had its own funding stream. It was also noted that there were other funding options available including bids to the National Lottery Heritage Fund.

A Member advised that St Paul's had struggled during lockdown and was only back to 40% of donations experienced pre-pandemic. The Member also noted that the Corporation received a secondary income from people visiting the Cathedral.

Members were concerned by the vagueness of the agreement and the potential for the Corporation taking on responsibility for something that was not theirs. Whilst this was regarded as a good cause, Members felt that the project provided a luxury item for St Paul's and was not considered to be a sufficient responsibility to the City Corporation. Members requested more clarity, including the process for the potential S106 agreement and whether this should come from City's Fund when this was a private property, and were happy to put the bid on hold until this was provided.

It was agreed a fully thought out plan with conditions was needed and Members agreed to give delegated authority to progress this work pending further information. Officers agreed to provide a report providing more detail and place the bid in a separate waiting room.

- **IT tech bids** - A Member observed that all tech funding bids were not capital bids. Officers confirmed this was an ongoing issue with IT being addressed by the TOM and required more investigative working. This would be changed later.
- **Hampstead Heath Pergola Oak Structures repair and replacement** – Members were informed that there were opportunities for fundraising at this high-profile site and lots more

that could be done including weddings. A Member requested that funding opportunities be revisited and that the City Corporation do more to support all fundraising opportunities and outreach.

RESOLVED, that Members: -

- Note the total value of City Fund and City's Cash bids amounting to £61.9m against a target upper limit of £30m (excl BHE);
- Review the initial RAG rating of £24.3m green, £29.3m amber and £8.4m red contained in the appendices (determined in consultation with senior officers);
- Agree that, subject to Member feedback, funding for the green bids be incorporated into the medium-term financial plans, providing they remain within the £30m overall limits for City Fund and City's Cash and remain at a similar modest level for Bridge House;
- Agree in principle that bids with a final RAG rating of amber and red be deferred;
- Agree that amber-rated bids be placed on a reserve list to be progressed in the event that funding headroom is identified;
- Note that the final decision on the green-rated bids for inclusion in the 2022/23 draft budgets will be confirmed at the joint meeting of RASC and the service committee and Bridge House Estates Board chairmen in January 2022;
- Agree that a minimal allocation to fund investigations to inform the central funding requirement for the St Paul's Gyratory is approved under delegated authority to the Town Clerk, in consultation with the Chair and Deputy Chairman, to ensure the process continues to progress;
- Agree that delegated authority be given to the Town Clerk, in consultation with the Chair and Deputy Chairman, to allow Officers to progress with work concerning St Paul's Cathedral Re-Lighting and explore options in more detail to present to Members whilst the bid is placed in a separate waiting room.

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Committee(s)	Dated:
Procurement Sub Committee	25.11.21
Finance Committee	07.12.21
Court of Common Council	13.01.22
Subject: Extension to the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme.	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly? People enjoy good health and wellbeing	Outcome 2
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£75-100k
What is the source of Funding?	The Public Health Grant
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: Joint report of the Director of Community & Children's and the Director of Commercial Services	For decision
Report author: Monica Patel, Commercial Contract Manager, Commercial Services Adrian Kelly, Lead Commissioner, DCCS	

Summary

The purpose of this report is to seek Member approval for the recommended procurement strategy to extend the existing contract with Preventx Ltd for 3 years at an additional value of c£50m. Approval from Procurement Sub Committee is required as the total contract value exceeds £2m as per rule 25 [Compliant Waivers] and rule 16 [Contracts Letting Thresholds]. The City of London's exposure to the cost of the 3-year extension in respect of its residents is estimated at £75-100k.

The initial term of this contract ends 14th August 2022 and a decision to extend this service is required. The contract contains provision to extend the contract, to a maximum of four years. The Corporation is obliged to serve notice to the supplier of an intention to extend the contract by February 14th, 2022.

The need for this variation is to secure the continuation of the service for the benefit of the 30 participating authorities after the initial term which ends 14th August 2022.

This is necessary because the participating authorities have decided to not initiate a procurement leading to a new award and have recommended that the Corporation of London, in its capacity as the Lead Authority, extend the contract as was envisaged at the outset. The authorities have also recommended that the Corporation varies the contract extension period, from four extensions of a single year to an initial extension of 3 years with the option for a final extension of one year. For the avoidance of doubt, no change to the maximum term provided for under the contract is proposed.

Recommendation(s)

Members are asked to:

- Approve a variation to the contract in respect of the duration of the initial extension period, from one year to three years with a subsequent option of a further extension of one year
- Approve an extension of the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme.

Main Report

Background

1. London's Sexual Health E-Service is part of the Pan London Sexual Health Transformation Program (LSHTP) that aims "to manage and deliver an efficient virtual service as part of a wider healthcare system that responds effectively to the sexual and reproductive health needs of London's residents."
2. The contract for the provision of the e-service valued at £204m. It was awarded to Preventx Ltd on August 15th, 2017, for a minimum 5-year term with options to extend by 1 year at a time for a maximum of 4 years.
3. The contract provides online assessment for self-sampling, sexual health testing by post with remote treatment of chlamydia infections. The e-service is partnered with London's NHS Trusts who provide ongoing care to e-service users who need further tests or treatment. The e-service also provides contraception to residents of 11 authorities who have called off this optional service line.
4. The contract is delivered through a consortium of providers with Preventx Ltd being the lead provider, Chelsea and Westminster NHS Trust providing clinical care and Lloydsonlinedoctor providing medical treatment remotely.
5. A program team, hosted by the City of London Corporation, manages the contract on behalf of 30 participating authorities via inter-authority agreements. This includes the recharging local authorities for their residents' usage in a timely manner so that financial risk for the Corporation is managed. An E-Service Management Board (ESMB), comprising of representatives from each participating authority, provides strategic oversight for the contract.
6. The service has performed well against the key performance indicators and the supplier has been responsive to the need for individual authorities to control their expenditure or mitigate against capacity issues in their local clinics. Service user feedback is consistently positive, and the supplier has delivered service improvements at no additional cost.

7. When compared with providing similar care pathways in a traditional clinic setting, the e-service provides value for money to the participating authorities and convenience for their residents.

Options

8. Approve an extension to the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme contract from 15th August 2022 to 14th August 2025 for an additional £50m.
9. Approve and extension to the contract of only one year, and not accept the recommendation of the authorities to vary the period of the initial extension by increasing it from one year to three years.
10. Not approve an extension to the contract.

Recommended Option

11. Extending the contract by 3 years is recommended as this option fulfils our obligations to the participating authorities for whom we host the contract. There is significant risk for London's sexual health system if the Corporation does not implement the recommendation on behalf of the authorities.
12. The option of extending the contract by a single year is not recommended as the authorities have fully considered this option and concluded that their ambition for service developments, aligned to Integrated Care System will take time to develop, embed and evaluate.
13. The proposed strategy for extending this contract has been approved by a meeting of the DCCS Category Board 4th November 2021 chaired by Andrew Carter, Director of Community & Children's Services

Considerations

14. The Programme's governance allows for the E-Service Management Board to recommend that the Corporation, as Lead Authority, extends the contract after the initial term. The Strategic Board, with Director-level representation, can recommend to authorities that a procurement is initiated instead of an extension.
15. The Strategic Board agreed a report on 26th April 2021 recommending a procurement was not initiated as no consensus for this emerged. A consensus to continue with the current provider was clearly articulated by the authorities represented. It recommended that the E-Service Management Board engage the supplier about pricing and service improvement for the extension period.

16. Partner authorities considered the implications of the extension period in light of market conditions and noted:
- A National Framework for commissioning online sexual health services led by Public Health England in response to the COVID19 pandemic, saw no new entrants to the market who can provide the breadth of services required.
 - A review of the pricing achieved in the National Framework confirmed that ALL prices London enjoyed with the current contract remained highly competitive.
17. Authorities also agreed that an annual cycle of contract extensions undermines our ability to enjoy the benefits described above to their maximum potential, particularly for the supplier who will be making investments which they will need to see returned through activity during the extension period.
18. Overall, the authorities concluded that an annual cycle of contract extensions provided no clear economic benefit, created continuous uncertainty for our stakeholders, and would dampen the supplier's appetite for investment in service improvements that would need to be recovered through the existing pricing.
19. Furthermore, the authorities felt that the Programme's priority over the medium term will be working with NHS providers in recovery and remodelling, required due to the ongoing impact of COVID19 on the NHS and on residents for accessing care remotely where possible.
20. Legal advice has confirmed the proposal to change the initial period of the extension is a non-substantial change.
21. This proposal was made in a report to the E-Service Management Board which asked them to make two decisions: to change the initial period of the extension and to extend the contract in accordance with the outcome of the first decision. Both proposals were passed at a meeting on 19th October 2021 in accordance with the requirements detailed in the terms of reference for the Board.

Results Savings, efficiencies and benefits

22. The online service provides value for money to the participating authorities when compared with providing similar care pathways in a traditional clinic setting. The greater the proportion of activity that happens online, the greater the efficiencies for the authorities. The price breakthrough achieved at the procurement does not appear to have been beaten.
23. The supplier has submitted a set of proposals for continuous service improvement and development of the online service and how it works with NHS trusts. These proposals do not include any reduction in the pricing agreed at procurement because of inflationary pressures within their supply chain. The upgrading of return postage to next day delivery, with tracking, represents added value for the pricing.

24. The Supplier is committed to piloting alternative models for the clinical management of patients in one or two sub-regions. This requires significant investment on technical development and deeper cooperation between the Supplier's team at Chelsea and Westminster NHS Trust and the clinical teams in the trusts participating in the pilot.

Financial Implications

25. The value of the monthly invoices from the supplier requires enhanced approval processes involving the City Treasurer and the Director of Community & Children's Services. The programme team includes a dedicated resource for recharging the partner authorities each month according to usage by their residents' usage. Regular meetings are held with Finance colleagues through the year to review the level of liquidity in the accounts and to agree any new measures to manage risk for the Corporation.

Legal Implications

26. The requirements of the Programme's governance for this decision have been followed and the option for extending the contract by up to 4 years was included in the original OJEU notice. Therefore, no consequential legal implications arise from this decision.

27. The Programme's specialist law firm will prepare the paperwork for implementing the decision and the Corporation's Chief Lawyer will be notified ahead of execution.

Risk Implications

28. The e-service has demonstrated, through the pandemic, that it is a vital component of resilient sexual healthcare system for London.

29. If the extension of the current contract is not approved, as recommended by the related authorities, the ensuing uncertainty would create significant risk of major reputational damage for all authorities.

30. The Corporation of London, as the Lead Authority, has made legally binding commitments to manage the contract according to the original procurement which included the option for contract extensions up to a maximum of 4 years.

31. If the extension periods remain as a single year, a secondary risk arises: The Supplier's investment in further development of the service is curtailed and the service does not develop in line with service user's high expectations.

Conclusion

32. After consideration of the operating environment, our partner authorities have concluded that an extension to the current contract provides continuity and stability for our residents, key stakeholders, and financial planning.

33. An initial extension of 3 -years is preferred by our partner authorities to enable longer term service improvements related to the clinical model.

Report author

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Committee(s): Finance Committee	Dated: 7 December 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 22 November 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	(620)	(595)	(1,215)
Pending recommended allocation	0	0	0
Pending request on the agenda	0	0	0
Total Commitments	(620)	(595)	(1,215)
Uncommitted Balances	330	411	741
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 has been one joint funding request that affects all three funds, of which the BHE element is £31,000. 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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