

FINANCE COMMITTEE

Tuesday, 25 January 2022

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 25 January 2022 at 1.45 pm

Present

Members:

Deputy Jamie Ingham Clark (Chairman)	Oliver Lodge
Jeremy Mayhew (Deputy Chairman)	Paul Martinelli
Munsur Ali	Hugh Morris
Deputy Rehana Ameer	Benjamin Murphy
Deputy Randall Anderson	Deputy Susan Pearson
Deputy Roger Chadwick	James de Sausmarez
Deputy Henry Colthurst	Deputy John Scott
Deputy Graeme Doshi-Smith	Ian Seaton
Alderman Professor Emma Edhem	Deputy Sir Michael Snyder
Alderman Prem Goyal	Deputy James Thomson
Michael Hudson	Mark Wheatley
Wendy Hyde	Deputy Philip Woodhouse
Deputy Clare James	Catherine McGuinness (Ex-Officio Member)
Alderman Alastair King DL	Deputy Christopher Hayward (Ex-Officio Member)

Officers:

John Cater	-
Caroline Al-Beyerty	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Bob Roberts	- Director of Communications
Paul Wilkinson	- City Surveyor
Sonia Virdee	- Chamberlain's Department
Genine Whitehorne	- Chief Operating Officer's Department
Dionne Corradine	-
Sarah Phillips	- Town Clerk's Department
Alison Bunn	- City Surveyor's Department
Claire Giraud	- Department of Community & Children's Services
Ola Obadara	-
Nicholas Gill	- City Surveyor's Department
Emma Cunnington	- Town Clerk's Department
Sean Green	- Chamberlain's Department
Mark Jarvis	- Chamberlain's Department
Sanjay Odedra	- Communications Team
Oliver Watling	- Chief Operating Officer's Department

1. **APOLOGIES**

Apologies for absence were received from Nicholas Bensted-Smith, Alderman Estlin, Alderman Hughes-Penney, Andrew McMurtrie, Deputy Robert Merrett, and William Pimlott.

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 and non-public summary of the meeting held on 7th December 2021 be approved as an accurate record.

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

The Committee received a Report of the Chamberlain outlining the Committee's workplan for the next several months.

RESOLVED – That the Committee noted the Report.

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

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

On behalf of the Committee, the Chairman thanked all the current and past Members of the Procurement Sub-Committee and the Corporate Asset Sub-Committee, and in particular, Hugh Morris and James De Sausmarez for their respective chairmanships. Both Sub-Committees were due to be discontinued from April, as per the City's Governance Review.

RESOLVED – That the Committee noted the Report.

6. **DRAFT PUBLIC MINUTES OF SUB-COMMITTEES**

The Committee noted the draft public minutes and non-public summary of the following Sub-Committee meetings:

- Corporate Asset Sub-Committee held on 24th November 2021;
- Digital Services Sub-Committee held on 4th November 2021;
- Efficiency and Performance Sub-Committee held on 23rd November 2021;
and
- Procurement Sub-Committee held on 25th November 2021

- a) **Draft public minutes of the Corporate Asset Sub-Committee held on 24 November 2021**

RESOLVED – That the public minutes and non-public summary of the Corporate Assets Sub-Committee meeting held on 24th November 2021 be noted.

b) **Draft public minutes of the Digital Services Sub-Committee held on 4 November 2021**

RESOLVED – That the public minutes and non-public summary of the Digital Services Sub-Committee meeting held on 4th November 2021 be noted.

c) **Draft public minutes of the Efficiency and Performance Sub-Committee held on 23 November 2021**

RESOLVED – That the public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 23rd November 2021 be noted.

d) **Draft public minutes of the Procurement Sub-Committee held on 25 November 2021**

RESOLVED – That the public minutes and non-public summary of the Procurement Sub-Committee meeting held on 25th November 2021 be noted.

7. **HOUSING REVENUE ACCOUNT - REVIEW OF 5 YEAR PLAN**

The Committee received a joint Report of the Chamberlain and the Director of Community and Children's Services concerning the Review of the 5-year Finance Plan for the Housing Revenue Account (HRA).

In response to a query, the Chamberlain confirmed that the depreciation figure of circa £3m illustrated in table 1 under paragraph 4 is a non-cash transaction which, in effect, ringfences monies for future improvement works. Depreciation must be provided for as per accounting policies, but in reality, the properties are unlikely to be going down in value.

In response to a query concerning the risks from inflation, the Chamberlain confirmed that individual projects included a costed risk provision for capital inflation and the Chamberlain's Department managed a central provision for revenue inflation costs. In terms of building costs, the City Surveyor informed Members that the most recent BCIS (Building Cost Information Service) forecast indicated a 4% rise over the coming period, however, as of the previous Monday (17/01/22) prices had risen by 16% with immediate effect.

The Chamberlain provided a brief update concerning the cladding issues at Great Arthur House. The City is waiting on leave to appeal, and it was hoped that a case could be heard before the end of the calendar year. If the City were to lose the case (or indeed be denied the right to appeal) it would result in, in the first instance, a potential cost of circa £4.7m, and across the longer term, it would likely have serious knock-on implications for the City and other local authorities as the recovery of monies from leaseholders would potentially become difficult.

In response to a query concerning the ability of the HRA to borrow, the Chamberlain emphasised that it was the affordability of what the HRA could borrow that was the critical factor; she pointed out that Section 106 receipts

fund some of the capital work which in turn reduced the need for borrowing. The Housing Management and Almshouses Sub (Community and Children's Services) Committee was looking at the issue of borrowing at the behest of the Policy & Resources Committee and an update would be provided to Members in due course.

Highlighting paragraph 7, a Member queried whether the circa £30m borrowing figure was a realistic provision given the risks of further major repairs being required and construction cost inflation over the short-medium term. The Chamberlain pointed out that whilst the finances will be tight, particularly in the first two years, risk would be mitigated, to an extent, by the likelihood that repairs would take time and be completed at the tail end of five-year plan (when the finances were likely to be in a better shape) given the works required would need to be done whilst residents are in situ. It was also stressed that the money coming in from new units in York Way and Sydenham Hill was vital to fund the repair works. A Member added that, in the event that costs increase further, he accepted that re-phasing projects may be a useful solution; however, fire safety should not be re-phased, and work in this area was needed to be completed at pace.

Lastly, the Chairman informed Members that a route forward was agreed on the Water Charges issue at the previous week's meeting of the Policy & Resources Committee.

RESOLVED – That the Committee noted the Report.

8. **CHAMBERLAIN'S & CHIEF OPERATING OFFICER'S DEPARTMENT RISK MANAGEMENT - MONTHLY REPORT**

The Committee received a joint Report of the Chamberlain and the Chief Operating Officer which provided updates regarding the top risks within the Chamberlain's and COO's Departments.

RESOLVED – That the Committee noted the Report.

9. **CAPITAL FUNDING - PRIORITISATION OF 2022/23 ANNUAL CAPITAL BIDS - STAGE 2 FINAL PROPOSALS**

The Committee considered a Report of the Chamberlain concerning Capital Funding and the prioritisation of 2022/23 Annual Capital Bids.

A Member asked for clarity on the funding for the St Paul's Cathedral External Lighting, namely whether the £1.16m cost could be covered in full by a combination of Section 106 and Community Infrastructure Levy (CIL) funds. The Chairman asked the Chamberlain to revert to the Member after the meeting on this issue.

RESOLVED – That the Committee:

- Noted the revised total value of 2022/23 bids of £45.6m (subject to final confirmation).

- Agreed that the revised bids relating to three schemes detailed in paragraph 6 be rated as green, subject to final approval of the amount for the St Paul's Gyrotory revised bid.
- Confirmed the proposed final RAG rating of £26.2m green, £12.6m amber and £6.8m red (detailed in the appendices).
- Agreed that funding for the green bids of £26.1m be agreed in principle and incorporated into the medium-term financial plans of City Fund and City's Cash (noting that the balance of £0.1m has already been agreed by the BHE Board).
- Noted that amber and red bids will be deferred with amber-rated bids to be placed on a reserve list to be progressed if savings are later identified from the provisions for green bids.
- Agreed that the financial disciplines currently in place be continued, whereby
 - o central funding will be withdrawn for schemes that slip by more than one year; and
 - o the 'one-in, one-out' approach to funding of bids outside of the annual process be operated.
- Agreed to the carry- over of the unallocated provision of £27.7m of loan facilities previously agreed for the Police and HRA.

10. REVENUE BUDGET MONITORING TO DECEMBER 2021

The Committee received a Report of the Chamberlain concerning revenue budget monitoring.

A Member highlighted the good progress being made at the Barbican Centre. The Chamberlain responded that the staff at the Barbican had been working hard to get its finances back on track and would be returning £1.7m to the corporate centre after it received last year an allocation of additional funding in response to income pressures caused by the pandemic. It was noted that a £900k deficit was projected over the coming year, which the leadership team have committed to closing; however, it was recognised that the short-medium term outlook for the Centre and the arts sector in general remained uncertain.

RESOLVED – That the Committee noted the Report.

11. FINANCE COMMITTEE OPERATIONAL BUDGET ESTIMATE 2022/23

The Committee considered a Report of the Chamberlain concerning the revised budget for 2021/22 and the proposed revenue budget for 2022/23 in relation to the operational services directly overseen by the Finance Committee.

In response to a query, the Chamberlain clarified that the Contingency Funds managed by the Finance Committee should be considered separately as a

central function. The Report before Members today essentially outlined the local risk budgets directly under the Finance Committee's remit.

RESOLVED – That the Committee:

- Reviewed and approved the proposed revenue budget for 2022/23;
- Authorised the Chamberlain to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme; and
- Noted the approved capital and supplementary revenue budgets.

12. **CLS PILOT EXTENSION: PROCUREMENT & PROJECTS**

The Committee considered a Report of the Director of the Target Operating Model Programme Director concerning the City of London School TOM pilot scheme.

RESOLVED – that the Committee:

• Agreed that the following pilot proposals be extended to the City of London School for Girls and the City of London Freeman's School:

o The authority to run non-works procurements in accordance with the City of London Procurement Code up to the Find a Tender Service (FTS) threshold, currently £189,330.00 be devolved to the City of London School with the option of drawing on the centre procurement team to advise and provide support to the procurement process where necessary.

o Non-works procurements up to £300k, may also have more freedom over procurement strategy and options, depending on applicability of UK Public Contracts Regulations (PCR 2015) and acting always in accordance with the City of London Procurement Code. Agreement on process and lead will be made between City Procurement and the business.

13. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT**

The Committee considered a Report of the Chief Operating Officer concerning quarterly progress for City Procurement.

RESOLVED – That the Committee noted the Report.

14. **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.

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

The Committee considered a Report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders 41(a) and 41(b). The decisions related to the Eight Authority Pool and a donation from the Committee's International Disaster Fund to the Disaster Emergency Committee's (DECs) Afghanistan Crisis Appeal.

A Member emphasised that the Eight Authority Pool had been approved the proviso that it would be in place for one year, with the intention that the Pool would revert to a pan-London initiative in 2023/24.

The Chairman thanked the Chamberlain for her and her team's work on this, it should be noted that four of the six most deprived boroughs in Greater London were part of the Pool and this initiative would go some way to alleviate the immediate financial pressures in those boroughs.

A Member asked for some more detail around the usual process for the approval of donations from the International Disaster Fund. The Chairman and Deputy Chairman outlined the recent history of the Fund and the processes undertaken. The Chairman added that, in general, we waited for an announcement from the DEC or the British Red Cross that an appeal was being launched before considering a donation.

Mark Wheatley highlighted his recent meeting with Paul Amadi, Chief Supporter Officer for the British Red Cross about how they could work more closely with the City and the Livery Companies; in particular, they were looking to collaborate with businesses within the insurance sector. Mr Wheatley would share more details with Members in due course.

RESOLVED – That the Committee noted the Report.

a) **City Fund Accounts**

The Committee received an update concerning the audit completion process for the 2020-21 City Fund and Pension Fund Accounts.

The Chamberlain reassured Members that the technical query raised would not have a negative impact on borrowing. This issue did not question the underlying data in the accounts, nor would result in a change in the main statements; the issue is isolated to the disclosure supporting the cashflow statement and would not change the net position currently presented in the accounts.

In response to a query, the Chamberlain confirmed that, going forward, the auditor will recommend that individual fund balances are maintained and that would need to be taken into account in future years. The Chamberlain informed

Members that the Greater London Authority had a similar issue, and the City were in discussions with the GLA on best practice and efficiencies in this area.

RESOLVED – That the Committee noted the Report.

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

There were no questions.

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

There were no urgent items.

18. **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.

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

RESOLVED – That the non-public minutes of the meeting held on 7th December 2021 be approved as an accurate record.

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

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

21. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**

The Committee noted the draft non-public minutes of the following Sub-Committee meetings:

- Corporate Asset Sub-Committee held on 24th November 2021;
- Digital Services Sub-Committee held on 4th November 2021;
- Efficiency and Performance Sub-Committee held on 23rd November 2021;
- and
- Procurement Sub-Committee held on 25th November 2021

a) **Draft non-public minutes of the Corporate Asset Sub-Committee held on 24 November 2021**

RESOLVED – That the non-public minutes of the Corporate Asset Sub-Committee meeting held on 24th November 2021 be noted.

b) **Draft non-public minutes of the Digital Services Sub-Committee held on 4 November 2021**

RESOLVED – That the non-public minutes of the Digital Services Sub-Committee meeting held on 4th November 2021 be noted.

c) **Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 23 November 2021**

RESOLVED – That the non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 23rd November 2021 be noted.

d) **Draft non-public minutes of the Procurement Sub-Committee held on 25 November 2021**

RESOLVED – That the non-public minutes of the Procurement Sub-Committee meeting held on 25th November 2021 be noted.

22. **INTEGRATED FACILITIES MANAGEMENT - PROCUREMENT STAGE 1 - STRATEGY REPORT**

The Committee considered a Report of the Chief Operating Officer concerning the procurement strategy and evaluation criteria to be used in the selection of the preferred supplier(s) for Integrated Facilities Management (IFM) Services for the City of London Corporation.

23. **BRIDGES FEASIBILITY STUDY**

The Committee considered a Report of the Chief Operating Officer concerning the commissioning of a feasibility study on potential physical changes to Bridge House Estates' (BHE) five Thames bridges.

24. **GUILDHALL COMPLEX - REFURBISHMENT OPTIONS FOR THE NORTH AND WEST WINGS**

The Committee considered a Report of the City Surveyor concerning refurbishment options for the Guildhall Complex.

25. **123-124 NEW BOND STREET - REDEVELOPMENT BEHIND A RETAINED FACADE**

The Committee considered a Report of the City Surveyor concerning 123-124 New Bond Street.

26. **PROCUREMENT SUB-COMMITTEE - REQUESTS FOR DELEGATED AUTHORITY OVER FEBRUARY - MAY**

The Committee considered a Report of the Chief Operating Officer concerning procurement matters which will likely require consideration/decision between January and May 2022.

27. **CITY FUND PROPERTY INVESTMENT PORTFOLIO - ANNUAL UPDATE & STRATEGY REPORT**

The Committee received a Report of the City Surveyor concerning the City Fund Property Investment Portfolio.

28. **CITY'S ESTATE: ANNUAL UPDATE & 2022 STRATEGY**

The Committee received a Report of the City Surveyor concerning the City's Estate.

29. **STRATEGIC PROPERTY ESTATE (CITY FUND & CITY'S ESTATE) - ANNUAL UPDATE & STRATEGY FOR 2022**

The Committee received a Report of the City Surveyor concerning the Strategic Property Estate.

30. **NON-PUBLIC APPENDIX TO CONTINGENCIES REPORT (ITEM 14)**
The Committee noted the non-public appendix to ITEM 14 (Central Contingencies).
31. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
The Committee received a Report of the Town Clerk detailing two non-public decisions taken under delegated authority procedures since the last meeting.
32. **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.
33. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There were no items of urgent business.
34. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING RESOLVED** – That the confidential minutes of the meeting held on 7th December 2021 be approved as an accurate record

The meeting ended at time not specified

Chairman

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