



Finance Committee

Date: TUESDAY, 25 JANUARY 2022

Time: 1.45 pm

Venue: INFORMAL HYBRID PUBLIC MEETING (ACCESSIBLE REMOTELY)

Members:

Deputy Jamie Ingham Clark (Chairman)	Tim Levene
Jeremy Mayhew (Deputy Chairman)	Oliver Lodge
Munsur Ali	Paul Martinelli
Rehana Ameer	Andrew McMurtrie
Randall Anderson	Deputy Robert Merrett
Nicholas Bensted-Smith	Hugh Morris
Deputy Roger Chadwick	Benjamin Murphy
Henry Colthurst	Susan Pearson
Graeme Doshi-Smith	William Pimlott
Alderman Professor Emma 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, Policy and Resources Committee (Ex-Officio Member)
Angus Knowles-Cutler	Christopher Hayward, Policy and Resources Committee (Ex-Officio Member)
Gregory Lawrence	Deputy Tom Sleight, Investment Committee (Ex-Officio Member)

Enquiries: John Cater
tel. no.: 020 7332 1407
john.cater@cityoflondon.gov.uk

Accessing the virtual public meeting

**Members of the public can observe this public meeting at the below link:
To be updated**

This meeting will be a hybrid meeting with participation virtually and from a physical location. Any views reached by the Committee today will have to be considered by the Chamberlain after the meeting in accordance with the Court of Common Council's Covid Approval Procedure who will make a formal decision having considered all relevant matters. This process reflects the current position in respect of the holding of formal Local Authority meetings and the Court of Common Council's decision of 16th December 2021, to recommence hybrid meetings and take formal decisions through a delegation to the Town Clerk and other officers nominated by him after the informal meeting has taken place and the will of the Committee is known in open session. Details of all decisions taken under the Covid Approval Procedure will be available online via the City Corporation's webpages.

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

**John Barradell
Town Clerk and Chief Executive**

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting held on 7th December 2021.

For Decision
(Pages 9 - 16)
4. **FINANCE COMMITTEE'S FORWARD PLAN**
Report of the Chamberlain.

(Pages 17 - 18)

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

Report of the Town Clerk.

For Information
(Pages 19 - 20)

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 Corporate Asset Sub-Committee held on 24 November 2021 (Pages 21 - 30)
- b) Draft public minutes of the Digital Services Sub-Committee held on 4 November 2021 (Pages 31 - 38)
- c) Draft public minutes of the Efficiency and Performance Sub-Committee held on 23 November 2021 (Pages 39 - 42)
- d) Draft public minutes of the Procurement Sub-Committee held on 25 November 2021 (Pages 43 - 46)

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

Report of the Chamberlain.

For Information
(Pages 47 - 60)

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

Joint Report of the Chamberlain and the Chief Operating Officer.

For Information
(Pages 61 - 76)

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

Report of the Chamberlain.

For Decision
(Pages 77 - 90)

10. **REVENUE BUDGET MONITORING TO DECEMBER 2021**

Report of the Chamberlain.

For Information
(Pages 91 - 104)

11. **FINANCE COMMITTEE OPERATIONAL BUDGET ESTIMATE 2022/23**
Joint Report of The Chamberlain, The Deputy Town Clerk, The Chief Operating Officer, The City Surveyor, The Remembrancer, and The Director of Community & Children's Services.
- For Decision**
(Pages 105 - 132)
12. **CLS PILOT EXTENSION: PROCUREMENT & PROJECTS**
Report of the TOM Programme Director.
- For Decision**
(Pages 133 - 142)
13. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT**
Report of the Chief Operating Officer.
- For Information**
(Pages 143 - 146)
14. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.
- To be read in conjunction with Item 30 (Non-Public Appendix).*
- For Information**
(Pages 147 - 150)
15. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
- For Information**
(Pages 151 - 154)
- a) City Fund Accounts (Pages 155 - 156)
16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
18. **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

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

To agree the non-public minutes of the meeting held on 7th December 2021.

For Decision
(Pages 157 - 164)

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

Report of the Town Clerk.

For Information
(Pages 165 - 166)

21. **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 Corporate Asset Sub-Committee held on 24 November 2021 (Pages 167 - 172)
- b) Draft non-public minutes of the Digital Services Sub-Committee held on 4 November 2021 (Pages 173 - 176)
- c) Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 23 November 2021 (Pages 177 - 180)
- d) Draft non-public minutes of the Procurement Sub-Committee held on 25 November 2021 (Pages 181 - 182)

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

Report of the Chief Operating Officer.

For Decision
(Pages 183 - 198)

23. **BRIDGES FEASIBILITY STUDY**

Report of the Chief Operating Officer.

To Follow.

For Decision

24. **GUILDHALL COMPLEX - REFURBISHMENT OPTIONS FOR THE NORTH AND WEST WINGS**
Report of the City Surveyor.
- For Decision**
(Pages 199 - 226)
25. **123-124 NEW BOND STREET - REDEVELOPMENT BEHIND A RETAINED FAÇADE**
Report of the City Surveyor.
- For Decision**
(Pages 227 - 244)
26. **PROCUREMENT SUB-COMMITTEE - REQUESTS FOR DELEGATED AUTHORITY OVER FEBRUARY – MAY**
Report of the Chief Operating Officer.
- For Information**
(Pages 245 - 248)
27. **CITY FUND PROPERTY INVESTMENT PORTFOLIO - ANNUAL UPDATE & STRATEGY REPORT**
Report of the City Surveyor.
- For Information**
(Pages 249 - 270)
28. **CITY'S ESTATE: ANNUAL UPDATE & 2022 STRATEGY**
Report of the City Surveyor.
- For Information**
(Pages 271 - 284)
29. **STRATEGIC PROPERTY ESTATE (CITY FUND & CITY'S ESTATE) - ANNUAL UPDATE & STRATEGY FOR 2022**
Report of the City Surveyor.
- For Information**
(Pages 285 - 294)
30. **NON-PUBLIC APPENDIX TO CONTINGENCIES REPORT (ITEM 14)**
To be read in conjunction with Item 14 (Central Contingencies)
- For Information**
(Pages 295 - 298)

31. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND
URGENCY PROCEDURES**
Report of the Town Clerk.

For Information
(Pages 299 - 302)

32. **NON-PUBLIC QUESTIONS ON MATTERS 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**

Part 3 - Confidential Agenda

34. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**
To agree the confidential minutes of the meeting held on 7th December 2021.

For Decision

This page is intentionally left blank

FINANCE COMMITTEE

Tuesday, 7 December 2021

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 7 December 2021 at 1.45 pm

Present

Members:

Deputy Jamie Ingham Clark (Chairman)
Jeremy Mayhew (Deputy Chairman)
Randall Anderson
Alderman Professor Emma Edhem
Alderman Sir Peter Estlin
Alderman Prem Goyal
Michael Hudson

Alderman Robert Hughes-Penney
Paul Martinelli
Andrew McMurtrie
Susan Pearson
James de Sausmarez
Ian Seaton
Deputy Catherine McGuinness (Ex-Officio Member)

Observers

Rehana Ameer
Deputy Roger Chadwick
Deputy Wendy Hyde
Deputy James Thomson
Mark Wheatley

Officers:

John Cater	- Committee Clerk
Caroline Al-Beyerty	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Emma Moore	- Chief Operating Officer
Paul Wilkinson	- City Surveyor
Genine Whitehead	- Commercial Director
Simon Latham	- Town Clerk's Department
Dionne Corradine	- Chief Strategy Officer
Alistair Cook	- Chamberlain's Department
Hayley Hajduczek	- Town Clerk's Department
Sonia Virdee	- Chamberlain's Department
Neilesh Kakad	- Chamberlain's Department
Julia Pridham	- Town Clerk's Department
Adrian Kelly	- Community and Children's Services
Sanjay Odedra	- Communications Team
Oliver Watling	- City Procurement
Trina Pham	- Chamberlain's Department
Emily Rimington	- Comptroller and City Solicitor's Department
William Roberts	- Chamberlain's Department
Amanda Luk	- Chamberlain's Department

1. **APOLOGIES**

Apologies for absence were received from Munsur Ali, Rehana Ameer, Nicholas Bensted-Smith, Deputy Roger Chadwick, Henry Colthurst, Deputy Wendy Hyde, Deputy Clare James, Alderman Alastair King, Tim Levene, Oliver Lodge, Deputy Robert Merrett, Hugh Morris, Deputy John Scott, Sir Michael Snyder, Deputy James Thomson, Mark Wheatley, Deputy Philip Woodhouse, and Christopher Hayward.

The Chairman took the opportunity to inform Members, officers and those members of the public watching on Youtube, that item 35 (in the confidential section of the meeting) was, incorporated into item 34, and so was removed as a standalone item from the agenda.

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

The Chairman declared a non-pecuniary interest in respect of item 24 due to being a member of The Clothworkers Company.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – that the public minutes of the meeting held on 9th November 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 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.

RESOLVED – that the Committee noted the Report.

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

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

- Efficiency and Performance Sub-Committee held on 25th October 2021
- Procurement Sub-Committee held on 20th October 2021

a) **Public minutes of the Efficiency and Performance Sub-Committee held on 25th October 2021**

RESOLVED – That the public minutes of the Efficiency & Performance Sub-Committee meeting held on 25th October 2021 be noted.

b) **Public minutes of the Procurement Sub-Committee held on 20th October**

RESOLVED – That the public minutes of the Procurement Sub-Committee meeting held on 20th October 2021 be noted.

7. **RISK MANAGEMENT - TOP RISKS**

The Committee received a Joint Report of the Chamberlain and the Chief Operating Officer which provided updates regarding the top risks within the Departmental Risk Register.

RESOLVED – that the Committee noted the Report.

8. **2020-21 CITY'S CASH FINANCIAL STATEMENTS**

The Committee considered the 2020-21 City's Cash Financial Statements.

RESOLVED – that the Committee:

- Considered the contents of the Audit Management Report issued by BDO LLP;
- Considered the resolution from the Audit and Risk Management Committee and approved 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;
- Delegated 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 for City's Cash consolidated financial statements, and for the consolidated charities.
- Approved 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.

9. **2020-21 CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS**

The Committee considered the 2020-21 City Fund and Pension Fund Statement of Accounts.

In response to a concern about where the City of London Police Pension liability sat, the Chamberlain would add clearer narrative in the final accounts to indicate the Home Office's responsibility in this area.

The Chamberlain added that, whilst the external auditors were content to sign off on the accounts, there remained a few non-material narrative issues still to be resolved; these were likely to be completed in the coming days.

RESOLVED – that the Committee:

- Considered the content of BDO's audit management report;
- Considered the resolution from the Audit and Risk Management Committee and approved the 2020-21 City Fund and Pension Fund Statement of Accounts; and
- Delegated 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
- Approved 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.

10. SUNDRY TRUSTS (FOR WHICH THE CORPORATION IS TRUSTEE): ANNUAL REPORT AND FINANCIAL STATEMENTS 2020/21

The Committee considered the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2021.

RESOLVED – that the Committee:

- Noted that the external auditor BDO LLP intends to give an unqualified audit opinion on each set of charity financial statements;
- Considered the contents of the audit management report issued by BDO LLP; and
- Considered the resolution from the Audit and Risk Management Committee and approved the financial statements of the charities listed at annex 1 for the year ended 31 March 2021;
- Delegated 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;
- Approved 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.

11. CAPITAL FUNDING- PRIORITISATION OF 2022/23 ANNUAL CAPITAL BIDS

The Committee considered a Report of the Chamberlain concerning Capital Funding in 2022/23.

RESOLVED – that the Committee:

- Noted the total value of City Fund and City's Cash bids amounting to £61.9m against a target upper limit of £30m (excl BHE).
- Reviewed 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).
- Agreed 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.
- Agreed 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.
- Agreed that amber-rated bids be placed on a reserve list to be progressed in the event that funding headroom is identified.
- Noted 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.

12. **AN EXTENSION TO THE CONTRACT FOR THE PROVISION OF E-SERVICES RELATING TO THE PAN LONDON SEXUAL HEALTH TRANSFORMATION PROGRAMME**

The Committee considered a Joint Report of the Director of Community & Children's and the Director of Commercial Services concerning the Pan-London Sexual Health Transformation Programme.

The Chairman informed Members that work was ongoing to alter the governance arrangements for these types of requests to ensure that they did not come to Finance Committee (i.e. those requests which, whilst the City led on behalf of others, ultimately had negligible net liabilities to the Corporation itself).

RESOLVED – that the Committee:

- Approved 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
- Approved an extension of the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme.

13. **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.

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

There were no questions.

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

There were no urgent items.

16. **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.

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

RESOLVED – that the non-public minutes of the meeting held on 9th November 2021 be approved as an accurate record.

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

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

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

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

- Efficiency and Performance Sub-Committee held on 25th October 2021
- Procurement Sub-Committee held on 20th October 2021

a) **Non-public minutes of the Efficiency and Performance Sub-Committee held on 25th October 2021**

b) **Non-public minutes of the Procurement Sub-Committee held on 20th October 2021**

20. **CHARITY REVIEW - CITY OF LONDON CHARITIES POOL**

The Committee considered a Report of the Managing Director of Bridge House Estate & Chief Charities Officer concerning the City of London's Charities Pool.

21. **STAGE 1 & 2 REPORT (COMBINED) FOR PROVISION OF WATER, WASTEWATER AND ANCILLARY SERVICES**

The Committee considered a Report of the Chief Operating Officer concerning the provision of water, wastewater, and ancillary services.

22. **COMMERCIAL RENT - DEBT WRITE OFF**
The Committee considered a Report of the Comptroller and City Solicitor concerning commercial rent debt write-offs.
23. **CITY'S ESTATE 38 AND 40-42 CHARTERHOUSE STREET, EC1M - DISPOSAL OF 130 YEAR LEASE.**
The Committee considered a Report of the City Surveyor concerning 38 and 40-42 Charterhouse Street.
24. **HIGHWAY LAND DISPOSAL: 50 FENCHURCH STREET, EC3M 3JY**
The Committee considered a Report of the City Surveyor concerning 50 Fenchurch Street.
25. **NON-PUBLIC APPENDIX FOR CENTRAL CONTINGENCIES**
The Committee noted the non-public appendix to ITEM 13 (Central Contingencies).
26. **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 since the last meeting.
27. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions relating to the work of the Committee.
28. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
The Committee considered two items of urgent business relating to the Business Rate Premium and Temple Chambers, 3-7 Temple Avenue EC4.
29. **CONFIDENTIAL MINUTES**
RESOLVED – that the confidential minutes of the meeting held on 9th November 2021 be approved as an accurate record.
30. **CORPORATE LAN CONTRACT EXTENSION**
The Committee considered a Report of the Chief Operating Officer concerning an extension to the Corporate Local Area Network (LAN) contract.
31. **PROPOSALS FOR THE ORGANISATION DESIGN OF THE IT FUNCTION UNDER THE CHIEF OPERATING OFFICER**
The Committee considered a Report of the Chief Operating Officer concerning the proposals for the organisational design of the IT Function.
32. **PROPOSALS FOR THE ORGANISATIONAL DESIGN OF THE EQUALITY, DIVERSITY AND INCLUSION FUNCTION OF THE CHIEF OPERATING OFFICER**

The Committee considered a Report of the Chief Operating Officer concerning the proposals for the organisation design of the Equality, Diversity and Inclusion Function.

33. PROPOSALS FOR THE ORGANISATIONAL DESIGN OF THE COMMERCIAL SERVICES FUNCTION OF THE CHIEF OPERATING OFFICER

The Committee considered a Report of the Chief Operating Officer concerning proposals for the organisational design of the Commercial Services Function.

34. TOM PROPOSALS - CHAMBERLAIN'S DEPARTMENT TIER 3

The Committee considered a Report of the Chamberlain concerning the Chamberlain's Department's Tier 3 TOM proposals.

35. TOM PROPOSALS ON A SINGLE POST IN CHAMBERLAIN'S DEPARTMENT

As per the Chairman's comment earlier in the meeting (under apologies), the content and recommendation in item 35 was, incorporated into item 34, and so was removed as a standalone item from the agenda.

The meeting ended at 3.20 pm

Chairman

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

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

	Dec-21	Jan-22	Feb-22	Mar-22	Apr -22	May-22	June-22	July 22
Budget Setting Process & Medium-Term Financial Planning	Capital Funding- Prioritisation of 2022/23 Annual Capital Bids Autumn Budget- local government		City Fund Budget Report & MTFP Strategy City's Cash Budget Report & MTFP Strategy	Pre-Election Period				Update on Budget setting approach 22/23
Effective Financial Management Arrangements for The City Corporation		Finance Committee Estimates report Housing Revenue Account Review Q3 Budget monitoring				Capital Funding Update 2021/22 Irrecoverable Non- Domestic Rates Rental Income and Business Rate update		Capital Funding Update Q1 Capital Outturn Q1 Budget Monitoring Q1 Provision for Bad and Doubtful Debts Rental Income and Business Rate update Q1
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 (under delegations)							
Finance Committee as a Service Committee	Central Contingencies Risk Management – Quarterly Report	Central Contingencies Risk Management - Monthly Report	Central Contingencies Risk Management Monthly Report	Central Contingencies Risk Management Quarterly Report	Central Contingencies	Central Contingencies Risk Management	Central Contingencies	Central Contingencies

					Risk Management Monthly Report	Monthly report	Risk Management Quarterly update	Risk management – Monthly report
	City Procurement Q Update	IT Division Q Update	Chamberlains Business plan Q report	Chamberlains Business plan End of Year Update	City Procurement Q update	IT Division Q update	Chamberlains Business plan Quarter 1 Update	City Procurement Q update

Committee(s)	Dated:
Finance Committee	25 January 2022
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 7 December 2021:

Joint Meeting of the Resource Allocation Sub-Committee and the Efficiency & Performance Sub-Committee – 14th January 2022

N/A

Corporate Asset Sub-Committee – 17th January 2022

Summary to be provided at the FC meeting on 25th January

Procurement Sub-Committee – 18th January 2022

Summary to be provided at the FC meeting on 25th January

Efficiency and Performance Sub (Finance) Committee– 21st January 2022.

Summary to be provided at the FC meeting on 25th January

Recommendations

The Committee is asked to note the report.

John Cater

Senior Committee Services Officer, Town Clerk's Department

john.cater@cityoflondon.gov.uk

This page is intentionally left blank

CORPORATE ASSET SUB (FINANCE) COMMITTEE **Wednesday, 24 November 2021**

Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Wednesday, 24 November 2021 at 1.45 pm

Present

Members:

James de Sausmarez (Chairman)
Shravan Joshi (Deputy Chairman)
Deputy Jamie Ingham Clark
Randall Anderson
Marianne Fredericks
Michael Hudson
Jeremy Mayhew
Christopher Hayward
Deputy Edward Lord
Deputy Roger Chadwick

Officers:

Simon Causer	- City Surveyor's Department
Paul Wilkinson	- City Surveyor
Peter Young	- City Surveyor's Department
Peter Collinson	- City Surveyor's Department
Paul Friend	- City Surveyor's Department
John Galvin	- City Surveyor's Department
Alison Bunn	- City Surveyor's Department
Jonathan Cooper	- City Surveyor's Department
Graeme Low	- City Surveyor's Department
Fiona McKeith	- City Surveyor's Department
Jonathon Poyner	- Barbican Centre
Dorian Price	- City Surveyor's Department
Mark Donaldson	- City Surveyor's Department
Julie Brown	- City Surveyor's Department
Andrew Little	- Chamberlain's Department
Chris Rumbles, Clerk	- Town Clerk's Department

1. APOLOGIES

Apologies were received from Alison Gowman.

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

There were no declarations.

3. MINUTES

RESOLVED – That the public minutes and non-public summary of the previous meeting held on 30 September 2021 be approved as an accurate record.

Matters arising

Automatic Doors – A Member referred to the new automatic doors leading to the Members' Reading Room having stopped working again shortly after having been fitted. The Member remarked on her disappointment with the operation of all automatic doors within the Guildhall Complex, which she considered presented a huge barrier to people in wheelchairs when they were not working. The City Surveyor assured Members that planned maintenance continued on all automatic doors within the Guildhall Complex. The team were aware of an issue with the automatic doors leading to the Members' Reading Room and efforts remained ongoing to resolve the issue.

Baby Changing Facilities – A Member referred to baby changing facilities currently being located in Guildhall Art Gallery, which in her opinion did not meet the requirement of facilities being easily accessible to all visitors. The Member suggested baby changing facilities were needed in Guildhall, West Wing close to Guildhall Club. The City Surveyor agreed to review options and provide an update at the next meeting.

4. OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS

The Sub-committee considered a report of the Town Clerk which provided information on outstanding actions from previous meetings.

RESOLVED – That the Sub-committee notes the report.

5. WORK PROGRAMME FOR FUTURE MEETINGS

The Sub-committee considered a joint report of the Town Clerk and City Surveyor which provided information on the Work Programme for future meetings.

RESOLVED – That the Sub-committee notes the report.

6. ENERGY REDUCTION PROGRAMME - PHASE 1

The Sub-committee considered a report of the City Surveyor updating on a programme of energy efficiency projects within the corporate operational site portfolio.

The Chairman acknowledged the importance of this programme of work with funding being in place an important consideration.

RESOLVED: That Members: _

Approve option 3:

- a) Change in scope to limit the project to the three sub-projects, for LED Lighting at: Central Criminal Court, Smithfield Car Park and Tower Hill Coach and Car Park. These to be received for further approval as

separate gateway papers (as set out under 'Next Gateway'). Note the total estimated project cost including risk is £574,288 for completion in 2022/23.

- b) Increase of allocated S106 Carbon Offset funding from £247k to £304k which will be wholly used to fund the LED lighting and the Central Criminal Court.
- c) Reallocation of £229,200 of unrequired provisional funding allocation to the 'BEMS Upgrade Project-CPG Estate – Phase 1' to support energy reduction for the Guildhall.
- d) Withdraw provisional funding allocation of £245,610 which is no longer required for this project.

7. **BEMS UPGRADE PROJECT-CPG ESTATE - PHASE 1**

The Sub-committee considered a report of the City Surveyor updating on the Building Energy Management Systems upgrade project.

Members noted that the project covered three sites and would be looking to replace obsolete controllers, with the main purpose of the project being to ensure business continuity of these services and offer increased efficiency in line with the Climate Action Strategy.

A Member questioned if additional funding would be needed for the project, and it was clarified that all funding was in place and had been approved by the Chamberlain.

RESOLVED: That Members: -

Approve Option 3 as follows:

- a) Approval for reallocation of £229,200 of the now unrequired central funding (£114,600 City Fund and £114,600 City's Cash) from 'Energy Reduction Programme – Phase 1' to the 'BEMS Upgrade Project-CPG Estate – Phase 1 (stage 2)'.
- b) Approve that the CWP funds within the project 'C1522CW002L' are used to meet the costs of the Guildhall East wing control upgrades within the BEMS Upgrade Project-CPG Estate – Phase 1 (stage 2).
- c) Approve that the CWP funds within the project 'R0722CW003L' are used to meet the costs of the LMA controls upgrades within the BEMS Upgrade Project-CPG Estate – Phase 1 (stage 2).

8. **2021/22 ENERGY PERFORMANCE Q2 UPDATE**

The Sub-committee received a report of the City Surveyor presenting the 2021/22 Quarter 2 energy performance for City Corporation operational sites.

Members noted that there had been a 10% reduction in energy performance across the same period last year. There had been a slight uplift when looking at the previous quarter, but it would be hoped the PSDS projects would help the City Corporation move the level of performance back downwards.

A Member remarked on Barbican Centre being one of the largest energy users and questioned if anything had been done to modify their usage. It was clarified that the Covid pandemic had impacted on energy usage at the Barbican Centre, with PSDS projects likely to deliver energy savings over Q3/4 and hopefully see a big impact on their emissions in the future.

A Member remarked on Bishopsgate Police Station having been open and operational throughout the pandemic and so the energy reductions achieved at this site being achieved through action being taken. It was acknowledged that Bishopsgate Police Station was an example of managing energy usage in a good way through putting in place control measures and managing their unused spaces.

A Member referred to Sundial Court showing twice and with different figures for each. The City Surveyor agreed to look into the discrepancy and respond to the Member outside of the meeting.

RESOLVED: That Members: -

- Note the progress of PSDS projects, supported by £9.4m, 100% grant funding from BEIS.
- Note the progress towards the 2026/7 CAS targets.

9. CAS NZ1, NZ3 AND RS3 WORKSTREAM UPDATE FOR THE OPERATIONAL PORTFOLIO

The Sub-committee received a report of the City Surveyor updating on key actions of the operational buildings workstreams as part of the Climate Action Strategy (CAS).

The Chairman remarked on the good progress that was being made.

RESOLVED: That Members: -

- Note the progress made on actions within the report.
- Note the appointment of Arcadis and the review of the Centre of Excellence.

10. CYCLICAL WORKS PROGRAMME (CWP) - PROGRESS REPORT Q1/Q2

The Sub-committee received a report of the City Surveyor providing an overview of the progress and expenditure of the current Cyclical Works Programmes (CWP 18/19, CWP 19/20, CWP 20/21 and CWP 21/22).

A Member noted that CWP funding had yet to be fully committed to at the Barbican Centre. It was stressed that any money spent as part of CWP must not be repeated and wasted as part of the £200m proposed refurbishment of the Barbican Centre. The Managing Director of the Barbican Centre apologised for the delay in delivering works at the Barbican Centre but assured Members that efforts continued to deliver these works through ongoing engagement with City Corporation colleagues in looking to achieve this.

Members were assured that all works carried out to the Barbican Centre through CWP would be part of an overall strategy towards the Barbican Renewal project and that there would be no duplication of works, which was welcomed by Members.

The Managing Director explained how resourcing and time available to deliver works presented an ongoing issue at the Barbican Centre and Guildhall School. There was less time being made available to get on site and deliver the works required owing to productions running and school holiday periods.

A Member, also Chairman of Finance Committee, remarked on CWP moving to a one-year cycle was to imply some sort of urgency and apply pace to these projects. There appeared to be no change in pace in delivering certain works even though CWP had moved to a one-year budget cycle. Concern was expressed at there being a potential bow wave to deal with; there was a need to get works done speedily and not create bigger maintenance problems down the line, which the Chairman acknowledged.

The City Surveyor offered an assurance that the new approach to CWP from 22/23 would be looking to inject pace. The update presented at this meeting reported on the current system of delivering works over three years. From 22/23 CWP bids would all be about adding pace and identifying urgent projects.

RESOLVED: That Members: -

- Note the progress of current CWP programmes of work;
- Approve the requirement for up to £1.5 million of the 21/22 CWP Programme funding to be carried forward in to a second year. Projects affecting this carry forward will be reported in the end of year outturn report.

11. **CYCLICAL WORKS PROGRAMME 22/23 BID REPORT**

The Sub-committee considered a report of the City Surveyor setting out the bid for the 22/23 Cyclical Works Programme (CWP) in line with the new approach to the CWP which was agreed by this Sub-committee on the 15 September 2020.

Members noted that the entirety of the CWP was unlikely to be affordable given the current financial pressures and that a risk-based approach had been adopted in looking to reduce costs. It was further highlighted that the Chairman had requested a deep dive into the current backlog of maintenance and what the next five years of CWP funding requirement was likely to be. The Chairman welcomed the deep dive session in helping to understand and address the backlog.

The Chairman assured Members that the deep dive would include reference to addressing CWP moving forward, and choices being presented to agree criteria. It was highlighted how major projects in the planning pipeline were likely to remove a lot of the CWP and this would be a part of the deep dive.

RESOLVED: That Members: -

- Note the required level of funding of £29.9m for the CWP 22/23 Bid
- Agree the risk-based approach which requires funding of £11,090,000
- Agree that the programme will be delivered over a 2-year period
- Note the list of capital projects valued at £17,167,000 put forward as part of the 22/23 capital bid process
- Note the level of backlog maintenance for 22/23
- Note that required funding for repair and maintenance on operational assets is likely to remain substantially unfunded unless/until the number of property assets can be reduced

12. BUSINESS PLAN 2021-26 QUARTER 2 2021/22 UPDATE

The Sub-committee received a report of the City Surveyor providing details of progress in quarter 2 (July to September) 2021/22 against the 2021-26 Business Plan.

Members noted that as at the end of Q2 the department was projecting a year end overspend. £3m of the start of year savings target of £4.125m had been achieved and efforts of the management team remained ongoing in exploring steps to bring this closer to balance by year-end.

RESOLVED That the report be received and its content noted.

13. CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER -QUARTER 2 2021/22 UPDATE

The Sub-committee considered a report of the City Surveyor that provided Members with a quarterly update on the management of risks within the City Surveyor's Department.

Members noted that the Risk Register had undergone a significant revision since the last update presented in September. This followed a review programme undertaken over the summer recess. The resultant risks were now more strategic in scope, and much better aligned to the Business Plan.

A member questioned whether the 'Repairs and Maintenance' risk focussed on operational property rather than investment and questioned if there should be a separate risk for each area. The City Surveyor clarified that investment properties had different risks. The risks presented to this Sub-committee related to the operational property portfolio.

RESOLVED: That the report be received, and its content noted.

14. DRAFT CITY SURVEYOR'S DEPARTMENT BUSINESS PLAN FOR 2022/23

The Sub-committee received a report of the City Surveyor presenting a draft Business Plan for the City Surveyor's Department for 2022/23.

Members noted that the Business Plan had been presented in line with guidance from Town Clerk's Department. With changes to departments across the organisation through the Target Operating Model (TOM), the plan was

being presented to give a current view of the department, hence the Central Criminal had not yet been included.

The Chairman remarked on it being of interest to see how the Business Plan evolves following delivery of the TOM.

RESOLVED: That Members: -

- Note the factors taken into consideration in compiling the City Surveyor's Departmental Business Plan; and
- Approve the departmental Business Plan for 2022/23 (or the elements therein that fall within this committee's Terms of Reference).

15. THE CITY'S HERITAGE ESTATE - MID YEAR UPDATE

The Sub-committee received a report of the City Surveyor providing an update on the objectives previously agreed together with a review of the overall programme undertaken by the City Surveyor in respect to the asset management and maintenance of the City of London Corporation's extensive and unique Heritage Estate of over 870 assets.

Members noted the report offered a mid-year update on activity on the City Corporation's Heritage Estate, with a dashboard and RAG status included as had previously been requested.

The Chairman acknowledged the importance of this Sub-committee keeping the Heritage Estate under review and welcomed the good progress that was being made.

RESOLVED: That the report be received, and its content noted.

16. CORPORATE ASSET MANAGEMENT STRATEGY 2020-25 - PROGRESS UPDATE

The Sub-committee received a report of the City Surveyor providing a summary of the progress made on delivering the Asset Management Strategy and its objectives.

Members noted that this was the first annual report following agreement of the Asset Management Strategy last year. Good progress was being made and with a key area of focus moving forward being better utilisation of assets and meeting the standard of good across the entire operational property portfolio.

The Chairman welcomed the good progress that was being made.

RESOLVED: That Members: -

- Note the progress on the new Corporate Property Asset Management Strategy 2020-25.

17. SECURITY UPDATE

Members received an oral update on key areas relating to security as follows:

- Progress continued with action against the two individuals considered responsible for damage to Guildhall as part of the Extinction Rebellion protest. Both individuals had pleaded not guilty to an offence and were due to go on trial.
- UK terror threat level having moved to severe meaning an attack was considered highly likely. All event security plans at the City Corporation had been reviewed to ensure robust security measures were in place. This had seen no significant changes as the City Corporation was already operating at heightened alert. Each event would be reviewed to ensure appropriate measures were put in place.

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

Clocks – A Member highlighted clocks in the building all showing different times and asked for these be put on the correct time, which the City Surveyor agreed to arrange.

Outstanding Items - A Member referred to items that were being kept under review by this Sub-committee and questioned what would happen to these as part of the proposed merger of committees as part of the Governance Review. The Chairman assured Members that he would ensure that the business of this Sub-committee would be properly addressed in any new committee.

Scenic Lift Tower Car Park – A Member thanked officers for resolving issues with the lift. It was suggested signage be displayed in future directing people to an alternative lift when a lift was out of order. Members noted that there was an agreed process to follow for displaying signs and that the City Surveyor would follow up on this to make sure the team were following this process.

19. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
There were no urgent items.

20. 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.

21. NON-PUBLIC MINUTES
The non-public minutes of the previous meeting held on 30 September 2021 be approved as an accurate record.

22. OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS
The Sub-Committee noted a report of the Town Clerk which provided information on outstanding actions from previous meetings.

RECEIVED

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

The Sub-committee considered a report of the City Surveyor relating to refurbishment options for the Guildhall Complex North and West Wings.

24. **HIGHWAY LAND DISPOSAL: 4 LINDSEY STREET, EC1A**

The Sub-committee considered a report of the City Surveyor relating to a highway land disposal at 4 Lindsey Street EC1A.

25. **HIGHWAY LAND DISPOSAL: 50 FENCHURCH STREET, EC3M 3JY**

The Sub-committee considered a report of the City Surveyor relating to a highway land disposal at 50 Fenchurch Street EC3M 3JY.

26. **ANNUAL REPORT ON OPERATIONAL PROPERTY PORFOLIO**

The Sub-committee received a report of the City Surveyor providing an annual update report on the City Corporation's operational property portfolio.

27. **WOODREDEN FARM AND EQUESTRIAN CENTRE**

The Sub-committee received a report of the City Surveyor relating to Woodreden Farm and Equestrian Centre.

28. **NON PUBLIC ACTION TAKEN BETWEEN MEETINGS**

The Sub-committee received a report of the Town Clerk updating on non-public decisions taken under delegated or urgency procedures since the last meeting.

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

There were no questions.

30. **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

The meeting ended at 3.31pm

Chairman

Contact Officer: Chris Rumbles
christopher.rumbles@cityoflondon.gov.uk

This page is intentionally left blank

DIGITAL SERVICES SUB (FINANCE) COMMITTEE

Thursday, 4 November 2021

Minutes of the meeting of the Digital Services Sub (Finance) Committee held at Guildhall, EC2 on Thursday, 4 November 2021 at 3.00 pm

Present

Members:

Randall Anderson (Chairman)
Alderman Sir Peter Estlin (Deputy Chairman)
Alderman Prem Goyal
Deputy Jamie Ingham Clark
Dawn Wright

Officers:

Emma Moore	- Chief Operating Officer
Sean Green	- Chief Operating Officer's Department
Gary Brailsford-Hart	- City of London Police
Kevin Mulcahy	- Chamberlain's Department
Lorraine Brook	- Town Clerk's Department
Simon Latham	- Town Clerk's Department
Joseph Anstee	- Town Clerk's Department
Sam Collins	- Chief Operating Officer's Department
Eugene O'Driscoll	- Chamberlain's Department
Ian Hughes	- Environment Department
Ruth Kocher	- Environment Department
Sonia Virdee	- Chamberlain's Department
Siobhan Flynn	- Chamberlain's Department
William Roberts	- Chamberlain's Department
Sheldon Hind	- Town Clerk's Department
Ellen Murphy	- Chief Operating Officer's Department

Also in attendance:

John Chapman

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Jeremy Mayhew and James Tumbridge.

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

There were no declarations.

a) Minutes of the previous meeting

RESOLVED: That the public minutes and non-public summary of the meeting held on 3 September 2021 be approved as an accurate record.

b) Outstanding actions from previous meetings

The Sub-Committee considered a joint report of the Town Clerk and the Chamberlain which provided updates of outstanding actions from previous meetings. The report also provided information of the Sub-Committee's proposed work plan for forthcoming meetings. The Chief Operating Officer advised of outstanding actions to be moved on to the Sub Committee's Forward Plan and covered at future meetings.

The Chief Operating Officer further advised that IT officers would continue to support the Committee & Member Services team with the live streaming of meetings until March 2022, with TOM proposals in respect of the Town Clerk's Department expected to include provision for a dedicated officer to support this longer-term.

RESOLVED – That the outstanding actions be noted.

4. FORWARD PLAN - NOVEMBER 2021

The Sub Committee received a report of the Town Clerk setting out the Sub Committee' Forward Plan. The Chairman advised that the Sub Committee would also consider a report on GDPR ahead of the pre-election period in 2022.

RESOLVED – That the Forward Plan be noted.

5. MEMBERS IT PROVISION 2021/22

The Sub Committee considered a report of the Chief Operating Officer outlining the proposal for Members IT Provision from 2021/22, to ensure that all existing and new members are offered the latest IT equipment to support the fulfilment of their duties. The Chairman introduced the item before inviting comments from the Sub Committee.

Members commented that the policy could go further and that the Court of Common Council elections in March 2022 presented an opportunity to implement more ambitious change, including rollback of home broadband and print support. The Deputy Chairman proposed that there be a straightforward provision of desktop access at Guildhall, and personal devices, issued with proper explanation of their restrictions, for use elsewhere.

The Deputy Chairman requested that officers draft a one-sided graphic summary of Members IT Provision on this basis, including restriction explanations and IT support contact numbers, to be submitted to the January meeting of the Sub Committee for consideration. Members agreed that this would be beneficial, and the Chief Operating Officer advised that this could be provided. The Chief Operating Officer advised that the policy could be amended to strengthen to the rollback of home broadband and print support. Officers would seek to simplify the approach, and try to be more robust on personal devices, including focussing on Surface Pros at the expense of iPads.

The Deputy Chairman commented that IT provision policy should be combined with mobile device management policy, with devices and data owned by the

City of London Corporation. The Chairman noted that wider Member Support policy had changed to include grant funding, which could be used to subsidise home broadband for City of London Corporation business.

A Member commented that there should be greater promotion of paperless working, as the mod.gov app had now been rolled out to Member devices, adding that the app should be updated as much as possible. The Member further stressed the importance of 2-phase authentication for security, noting that some Members found this more difficult to use. The Chairman noted that there would be further discussion of mod.gov later on the agenda.

The Town Clerk advised that Member induction arrangements were in development, part of which included putting information together for candidates ahead of the election, and officers would seek to collate information on IT Provision and policy for providing to candidates as part of this offer.

RESOLVED – That the Digital Services Sub Committee approve the revised Members IT Provision Policy, as amended, with a one-sided graphic summary to be produced for the January meeting of the Sub Committee for consideration.

6. **MOBILE DEVICE MANAGEMENT**

The Sub Committee considered a report of the Chief Operating Officer proposing an enhancement to the management of corporate mobile devices (Apple iPhones and Apple iPads) to introduce corporately managed Apple IDs. The Chairman introduced the item and advised that he was inclined to support the City of London Corporation having more control of corporate devices.

A Member commented that the consequences for private data on corporate devices should be assessed and made clear. The Chief Operating Officer advised that such a change wouldn't require a change to current device set-up, but would assist with managing devices in the future.

The Deputy Chairman commented that the device should be owned by the City of London Corporation, with the Member effectively the lessee. Data would ultimately be manageable by the City of London Corporation, but with awareness that there would be both business and personal data on the device. Clarity should be provided on appropriate use of the device with this set out in a simple way. The Chairman stressed that this would have to be as clear as possible and asked officers to produce this in tandem with the graphic summary of IT Provision.

The Sub Committee noted the implications for use of storage, as personal iCloud accounts could not be used and data migrated to corporate iCloud accounts, which would have limitations in terms of available capacity. The Chief Operating Officer advised that officers would work with Members to make this transition as smooth as possible.

RESOLVED – That the Digital Services Sub Committee:

1. The IT Division moves to corporately managed Apple IDs, which would support a move towards a better managed approach for corporate mobile devices; and
2. Agree that these changes should be implemented for all City Corporation device owners.

7. **ERP PROGRAMME UPDATE PRESENTATION**

The Sub Committee received a presentation updating Members on the Energy Reduction Programme (ERP). The Chamberlain presented the update, outlining the background of the programme and the process along with work undertaken so far, before setting out next steps.

The Chairman thanked the Chamberlain for the update and advised that there would likely be more discussion at the next phase of the programme. The Chamberlain responded that lessons would be taken from similar previous projects such as Oracle, and that soft market testing had helped. A Member asked whether Payroll should be insourced or outsourced. The Chairman responded that whilst he didn't expect this to be a significant issue, it should be agreed as part of this process. The Chamberlain advised that this had been given some consideration, with both options on the table.

RESOLVED – That the report be noted.

8. **IT DIVISION - IT SERVICE DELIVERY SUMMARY**

The Sub Committee received a report of the Chief Operating Officer providing a summary of IT Service Delivery.

RESOLVED – That the report be noted.

9. **IT DIVISION RISK UPDATE - NOVEMBER 2021**

The Sub Committee received a report of the Chief Operating Officer updating on Risk within the IT Division.

A Member commented that risk CR16 – Information Security was rated as high impact and asked whether resource was in place to bring this score down. The Chief Operating Officer advised that the upgrade from E3 to E5 Microsoft licensing was a significant step forward in this regard, with other mitigations also in train. The Member stressed the importance of testing and training in this area, and the Chief Operating Officer advised there was mandatory training for officers with an annual refresher, and that the importance of reinforcing the required messages was appreciated. The Sub Committee noted that as the risk had increased to Red, the matter should be referred to the Audit & Risk Management Committee, although it should decrease following the upgrade to E5 licensing.

A Member commented that more commentary on the risks would be beneficial, with routine actions included as well as urgent or emergency action. The Chief Operating Officer responded that this could be taken as an action and brought back to the January meeting, and in response to a question from the Member

on the E5 licensing, advised the Sub Committee that planning work on the E5 rollout was underway and an action to update the Sub Committee at the next meeting would be taken away.

RESOLVED – That the report be noted.

10. **INFORMATION MANAGEMENT PROGRAMME PROGRESS UPDATE AND DEEP DIVE**

The Sub Committee received a report of the Chief Operating Officer providing a brief update on the progress being made by the Information Management Programme in helping to realise the Information Management Strategy agreed by the Corporation in 2019. The Chief Operating Officer introduced the report and drew Members' attention to the key points.

The Deputy Chairman commented that he felt the programme could go further and that progress could be faster, with more emphasis on the digitisation of resources needed and the right people in place to analyse data. The Deputy Chairman proposed that a note be put to the Finance Committee and Resource Allocation Sub Committee requesting more resources be allocated to this area. The Chairman added that there were two key areas of concern in shared drives and emails, particularly with regards to confidential documents. Members noted the significant lack of use of protective markings on documents and felt this may be a training matter. Whilst a Member commented that regular training would be beneficial for Members given the constant evolution of IT and technology requirements the Sub Committee noted that security issues were not exclusive to Members.

A Member suggested that compulsory training be considered, although Members noted that this had been a contentious issue when raised in other contexts. The Deputy Chairman added that there were measures that could be taken to influence culture and mindset at the organisation. The City of London Police commented that increasing use of protective markings on documents should be prioritised.

The Chief Operating Officer added that protective marking would not prevent someone who was inclined to leak a confidential document from doing so, but would facilitate sanctions in that event. The Chief Operating Officer added that a mindset change was required and a raft of measures relating to behaviour and culture were possible. Whilst there was a good level of capability at the organisation, this was without commensurate knowledge and confidence, which could be mitigated with training. The Chairman added that the annual training budget per person across the organisation was possibly inadequate, and should be reviewed when possible.

RESOLVED – That the Digital Services Sub Committee note the progress update and continue to support delivery of the programme in principle, standing ready to intervene practically when requested.

11. GATEWAY REPORTS

a) **Library Management System**

The Sub Committee considered a report of the Director of Community and Children's Services regarding the Library Management System. The Chairman introduced the item and commented that the issue with the project so far had been procurement. A new system would be required if the current provider could not provide what was required.

RESOLVED – That the report be noted.

b) **Gateway 6: Committee Rooms Audio Visual Equipment**

The Sub Committee considered a report of the Chief Operating Officer presenting the Gateway 6 report of the project to install Audio Visual Equipment to the Guildhall Committee Rooms to facilitate hybrid meetings.

RESOLVED – That the Digital Services Sub Committee note the content of the report and approve the closure of this project.

c) **Gateway 6: Customer Relationship Management**

The Sub Committee considered a report of the Chief Operating Officer presenting the Gateway 6 report for the Customer Relationship Management (CRM) project. The Chairman introduced the item and drew the Sub Committee's attention to the lessons learned. The Chief Operating Officer added that the project could have been bigger considering CRM was required for the electoral database and could also be used by market tenants.

The Chair commented a more consistent application of the software would be beneficial, and that the IT department should explore further uses of the software available to increase efficiency. The Chamberlain responded by assuring Members that officers were always looking for opportunities to maximise usage, although implementation was not always straightforward. The Chamberlain added that officers would look into the inconsistent application of the software. The Chair suggested that these issues be taken forward into the relevant TOM work.

RESOLVED – That the Digital Services Sub Committee note the content of the report and approve the closure of this project.

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

There were no questions.

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

There were no items of urgent business.

14. **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 the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
15 - 18	3
19	7
20 - 21	-
22	3

15. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – That the non-public minutes of the meeting held on 3 September 2021 be approved as an accurate record.
16. **CYBER SECURITY MITIGATIONS**
The Sub Committee received a report of the Chief Operating Officer.
17. **BACKUP RETENTION**
The Sub Committee received a report of the Chief Operating Officer.
18. **CITY OF LONDON CORPORATION AND CITY OF LONDON POLICE: IT BUDGET & SAVINGS PRESENTATION**
The Sub Committee received a presentation from the Chief Operating Officer.
19. **GATEWAY REPORTS**
 - a) **Gateway 5 Secure City Programme (SCP) – Video Management System (VMS)**
The Sub Committee considered a report of the Executive Director of Environment and the Commissioner of the City of London Police.
20. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE**
There were no non-public questions.
21. **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.
22. **MODERN.GOV PAPERLESS COMMITTEE MEETINGS**
The Sub Committee considered a report of the Chief Operating Officer.
23. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREE SHOULD BE CONSIDERED IN CONFIDENTIAL SESSION**
There was one item of other business.

The meeting ended at 5.11 pm

Chairman

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

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE

Tuesday, 23 November 2021

Draft Minutes of the meeting of the Efficiency and Performance Sub (Finance) Committee held at Guildhall, EC2 on Tuesday, 23 November 2021 at 1.45 pm

Present

Members:

Deputy Jamie Ingham Clark (Chairman)
Randall Anderson
Henry Colthurst
James de Sausmarez
Paul Martinelli

Observers

Deputy Roger Chadwick
Mary Durcan (Deputy Chairman – Port Health and Environmental Services Committee)
Caroline Haines (Deputy Chairman – Open Spaces and City Gardens Committee)

Officers:

John Cater	- Committee Clerk
Caroline Al-Beyerty	- The Chamberlain
Juliemma McLoughlin	- Executive Director of Environment
Sonia Virdee	- Chamberlain's Department
Gerry Kiefer	- Open Spaces Department
Gavin Stedman	- Markets & Consumer Protection Department
Ian Hughes	- Department of the Built Environment

1. APOLOGIES

Apologies were received from Deputy Roger Chadwick, Alderman Professor Emma Edhem, Deputy Clare James, and Jeremy Mayhew.

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

There were no declarations.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED - That the public minutes of the meeting held on 25th October 2021 be agreed as an accurate record.

In response to a query, the Chamberlain and the Chairman informed Members that the TOM savings and the Fundamental Review savings were separate exercises. The 12% TOM savings target was focused on 2021/22 in order to ensure departments met their budgets; whilst the FR savings have been

profiled over the longer-term; the delay in delivery of the FR exercise has been due to the impact on departmental incomes since the onset of the pandemic.

The Chairman added that whilst these were separate, it was critical that both were monitored to conclusion to ensure those both initiatives achieved their aims.

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

The Sub-Committee received a Report of the Chamberlain concerning updates on the identification of the permanent savings to meet the 12% budget reduction and FR savings already applied to 2021/22 budgets.

The Chamberlain informed Members that discussions were ongoing with the Barbican's executive team and the Barbican Centre Board concerning the Centre's budget; whilst Members were sympathetic to the impact of the loss of income related to the pandemic, they were eager that this was separated as a distinct area in the figures and that the focus on proposals to permanently bring the cost base down were maintained and indeed, accelerated. Further work was required, and a bilateral meeting will be taking place soon to discuss this further. The Chairman added that the Sub-Committee would need to remain vigilant on this area and suggested that Members see how discussions progress over the coming weeks before considering a more formal intervention.

Members were keen to understand whether other departments were struggling with achieving the 12% target and, conversely, whether there were any departments that could potentially deliver greater savings than 12%. The Chamberlain responded that, whilst there were departments which were struggling to achieve the 12%, progress was being made. It was also apparent that new demands were coming through from Members (e.g. Corporate Planning) that would need to be resourced, so analysis was being undertaken by the Chamberlain to consider how these additional pressures and demands could be balanced with the overall need to meet the new budget envelope.

In response to a separate query, the Chamberlain emphasised that, whilst departments were encouraged to expand on and develop lines of income, there was an acceptance that relying too heavily on proposals to drive up income had a significant risk factor, so the primary focus, across the board, remained one of cost reduction in the first instance. A Member added that cost reduction should be considered separately to income opportunities.

In response to concerns about the viability of some department's ability to meet their targets, the Chamberlain assured Members that the goal of the exercise was not to break departments/services, whilst proposals would be considered carefully and a constructive approach would be pursued, the stark reality was that the Corporation faced a significant financial challenge and bearing down on costs was critical. The Chairman added that the zero-based budget review exercise next year offered a potentially game-changing opportunity to re-evaluate our priorities, with the consequent impact being accruing significant

cost reductions; he added that it was also important to design the Review in conjunction with the new Corporate Plan.

Members were encouraged by the initial plans around the zero-based budget review; it was crucial that officers from across the Corporation were on board and understood the process.

In response to a separate query, the Chamberlain confirmed that departmental variations existed for pay lines due to the impact of cases of flexible retirement, market forces supplements, redundancies etc falling more heavily on certain departments than others.

RESOLVED – that the Sub-Committee noted the Report.

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.

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

RESOLVED - That the non-public minutes of the meeting held on 25th October 2021 be agreed as an accurate record.

9. **DEEP DIVE REPORT - ENVIRONMENT DEPARTMENT**

The Sub-Committee received a Report of the Executive Director of the Environment Department. The Report provided Members with a deep dive analysis of the short-, medium-, and long-term outlook for the Department's finances.

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

There were no questions.

11. **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 3.15 pm

Chairman

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

DRAFT

PROCUREMENT SUB (FINANCE) COMMITTEE

Thursday, 25 November 2021

Minutes of the meeting of the Procurement Sub (Finance) Committee held at Guildhall at 11.30 am

Present

Members:

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

Officers:

Antoinette Duhaney	- Town Clerk's Department
Sean Austin	- Comptrollers and City Solicitor's Department
Christopher Bell	- City of London Police
Ben Dunleavy	- Town Clerk's Department
Sean Green	- Chamberlain's Department
Kristina Jackson	- Chamberlain's Department
Adrian Kelly	- Community and Children's Services
Ola Obadara	- City Surveyor's Department
Monica Patel	- Chamberlain's Department
Graeme Quarrington-Page	- Chamberlain's Department
Stephanie Robertson	- City Surveyor's Department
Oli Watling	- Chamberlain's Department
Genine Whitehorne	- Chamberlain's Department

1. APOLOGIES

There were no apologies.

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

No declarations of interest were made.

3. PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED – That the public minutes of the meeting held on 20 October 2021 be agreed as a correct record.

4. PROCUREMENT SUB-COMMITTEE WORK PROGRAMME

The Sub Committee considered a report of the Chamberlain outlining the workplan for future meetings.

Members discussed whether it would be necessary to hold the planned meeting in February, as there were not many items planned for that date. It was noted

that, due to the election period, it might be necessary to move items planned for the meeting in March to the February meeting.

Members also commented that, although the future of the Sub Committee was uncertain, work should continue on the Work Programme.

RESOLVED – That the workplan be noted.

5. **SUPPLIER DIVERSITY UPDATE**

Members received a report of the Chief Operating Officer.

A Member commented that it was difficult to see any information in the actions about the diversity of the ownership of suppliers, rather than diversity in their workforce. An Officer replied that the partnership with MSD UK supports ethnic minority ownership of businesses, defined as over 50% ownership.

RESOLVED – That the report be received and its contents noted.

6. **ENVIRONMENTAL SUSTAINABILITY IN PROCUREMENT**

Members received a report of the Chief Operating Officer.

Members noted that the Procurement team were looking to provide quarterly updates on the Purchased Goods and Services Action Plan. Officers undertook to meet with the Chamberlain to establish a timeline on obtaining the information regarding the top 25 suppliers.

RESOLVED – That the report be received and its contents noted.

7. **EXTENSION TO THE CONTRACT FOR THE PROVISION OF E-SERVICES RELATING TO THE PAN LONDON SEXUAL HEALTH TRANSFORMATION PROGRAMME**

Members received a joint report of the Director of Commercial Services and the Director of Community and Children's Services.

RESOLVED – That the variation to the contract in respect of the duration of the initial extension period be approved, and that the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme be approved.

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

There were no questions.

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

There was no other business.

10. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as

defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act as follows:-

Item(s)	Paragraph
11 - 17	3

11. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – That the non-public minutes of the meeting held on 20 October 2021 be agreed.
12. **STAGE 1 & 2 REPORT (COMBINED) FOR PROVISION OF WATER, WASTE WATER AND ANCILLARY SERVICES**
Members received a report of the Chief Operating Officer.
13. **ACTION AND KNOW FRAUD PROJECT GATEWAY 6**
Members received a report of the Commissioner of the City of London Police.
14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no 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 business.
16. **PROPOSALS FOR THE ORGANISATIONAL DESIGN OF THE COMMERCIAL SERVICES FUNCTION OF THE CHIEF OPERATING OFFICER**
Members received a report of the Chief Operating Officer.
17. **CORPORATE LAN CONTRACT EXTENSION**
Members received a report of the Chief Operating Officer.

The meeting closed at 12.15 pm

Chairman

**Contact Officer: Antoinette Duhaney, 020 7332 1408,
antoinette.duhaney@cityoflondon.gov.uk**

This page is intentionally left blank

Committee:	Dated:
Community & Children's Services Policy & Resources Committee Finance Committee	17 December 2021 20 January 2022 25 January 2022
Subject:	Public
Housing Revenue Account - Review of 5 Year Plan	
Which Outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,3,4,5,8,9,10,11 & 12
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 the funding source been agreed with the Chamberlain's Department?	N/A
Report of:	For Information
The Chamberlain Director of Community & Children's Services	
Report Author:	
Mark Jarvis, Head Of Finance, Chamberlains and Paul Murtagh, Assistant Director Barbican & Property Services	

Summary

This report presents for information a review of the 5-year finance plan for the Housing Revenue Account (HRA), analyses income streams and forecast costs and outlines the key challenges over the period.

- A very significant investment in the existing HRA housing stock (including major works to windows, heating systems and roof replacements, installation of sprinklers and fire doors) is planned over the period.
- This investment will require planned borrowing of up to £30m to finance, as provided for in the Corporations Medium Term Financial Plan.
- Revenue reserve balances are low during the period as loan repayments and interest charges increase, and only move above £1m in the final year 2025/26.
- There is therefore little or no capacity to meet additional requests for funding for new projects and, to deal with unforeseen financial calls on the revenue account.
- Projections do not include additional back-dated payments for water beyond the period already provided for. Such a payment would mean a deficit balance for the whole of the period until 2025/26.
- Delays in the past two years to income generating new build rental housing stock has contributed to the low revenue reserves – further delays to the COLPAI, Sydenham Hill or York Way projects would put into question the viability of proceeding with major works at the pace currently planned.
- Exceptional increases in construction costs over the next year have not been factored into the major works expenditure and, if they materialise, this may result in increased borrowing and borrowing costs.

- There is a significant risk that our ability to recover costs from leaseholders for major works carried out on their homes (window replacements in particular), will have a further adverse impact on the HRA. The outcome of the Great Arthur House cladding case will have some considerable bearing on this and, it could mean further delays to the current major works programme.

Recommendation

- i) Members are asked to review and note the following implications of the latest 5-year financial plan for the HRA :
- ii) that the HRA is finely balanced and can afford existing commitments
- iii) Assumptions over income projections are prudent and there is a reasonable chance of upside
- iv) there is a risk of delays to the delivery of the major works programme in the event of further slippage in the delivery of new build projects at COLPAL, Sydenham Hill and York Way
- v) further risks identified include significant construction inflation above current levels of provision and an adverse outcome to the Great Arthur House cladding case
- vi) That an update on the identified risks and the impact on the HRA 5 year plan be brought to Finance Committee in September

Main Report

Introduction

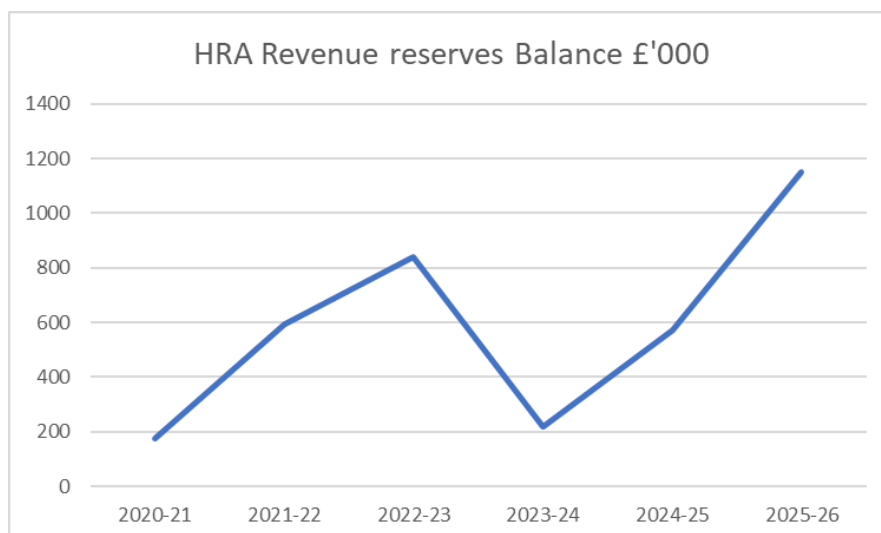
1. The HRA is ringfenced by legislation which means that the account is financially self-supporting. Although the “Capital” Account is not ringfenced by law, the respective financial positions of the HRA and the City Fund has meant that capital expenditure is financed without placing a burden on the use of City Fund resources. All HRA related capital expenditure continues to be funded from the HRA, including the Major Repairs Reserve and certain capital receipts from sales of HRA assets, with homeowners making their appropriate contributions. In practice, therefore, the capital account is also ringfenced.
2. This report sets out the latest five-year forecast of revenue and capital (major repairs reserve) positions given the latest proposed budgets for 2022/23 included in the current Budget Estimates report and the most up to date Project Manager forecasts for major works capital projects. It is important to note that it does not include any additional costs for future projects identified in the latest full stock condition survey and, works required due to future changes in legislation.
3. The report also presents detailed breakdowns of income and cost projections alongside benchmark figures from the national Housemark survey.

Five Year HRA Revenue Account Projections

4. Table 1 below shows the projected 5 Year Plan for the Housing Revenue Account. The first two years are based on the latest Revenue budget Estimates. Future loan repayments and interest charges are based on the profile of expenditure estimated by the relevant capital project managers.

TABLE 1 - HRA 5 Year Projections		Latest 2021-22	OB 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26
Income						
Rent	Dwellings	10,638	10,992	11,504	13,019	13,279
	Car Parking	620	625	638	650	663
	Baggage Stores	127	127	130	132	135
	Commercial	1,592	1,667	1,700	1,734	1,769
Community Facilities		69	99	101	103	105
Service Charge		2,451	2,480	2,530	2,580	2,632
Other		4	4	5	5	5
	TOTAL Income	15,501	15,994	16,607	18,224	18,588
Expenditure						
Repairs & Maintenance		(2,976)	(2,976)	(3,100)	(3,200)	(3,300)
Premises, support & supplementary revenue projects		(791)	(800)	(816)	(832)	(849)
Tech services + City Surveyor costs		(1,539)	(1,539)	(1,570)	(1,601)	(1,633)
Supervision & management		(4,218)	(4,431)	(4,520)	(4,610)	(4,702)
Specialised Support Services		(2,618)	(2,682)	(2,736)	(2,790)	(2,846)
	TOTAL Exp	(12,142)	(12,428)	(12,741)	(13,034)	(13,331)
Loan Charges - Interest		0	(122)	(496)	(560)	(477)
Capital Repayment (4% Minimum Revenue Provision)		0	(243)	(993)	(1,177)	(1,001)
Total		0	(365)	(1,489)	(1,737)	(1,478)
	TOTAL Net Income	3,359	3,201	2,377	3,453	3,779
TSFR TO MRR (Depreciation)		(2,943)	(2,953)	(3,000)	(3,100)	(3,200)
Surplus/ (Deficit) In Year		416	248	(623)	353	579
Bal b/f		177	593	841	218	570
Bal c/f		593	841	218	570	1,150

5. Revenue reserves remain below £1m for the entire five-year period until the end of 2025/26, with a dip in 2023/24 to £218k as result of the increased loan charges and principal repayments associated with the major works programme borrowing requirement coming a year before the increased revenue from the Sydenham Hill and York Way developments are expected.

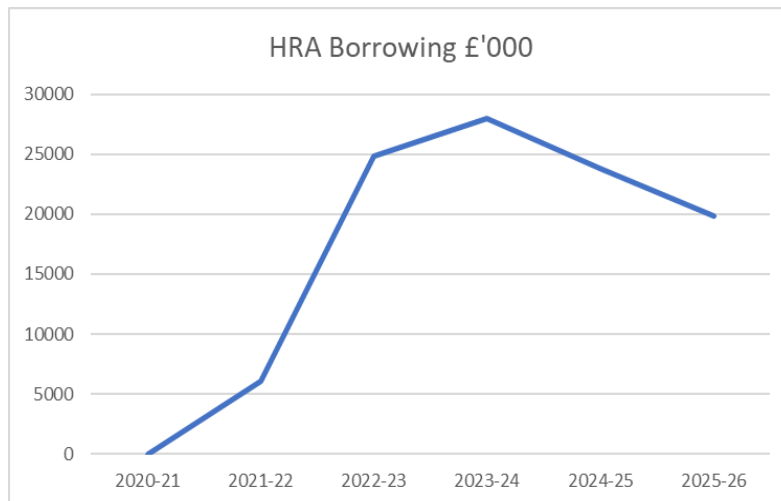


Major Repairs Reserve & City Fund Loan

6. Table 2 below sets out the movements on the Major Repairs Reserve and the City Fund loan over the period. Borrowing is expected to peak in 2023-24 before falling in subsequent years, however this assumes that there will be no further call on the major repairs programme in those years and there are no exceptional construction inflation costs. Also, no allowance has been made for the need to pay the leaseholder element of the Great Arthur House cladding project. If the current Appeal were to fail then £4.7m of borrowing would need to be earmarked to cover this cost and as a result elements of the current major works programme would need to be re-phased to ensure overall borrowing levels remained affordable.

TABLE 2 - MAJOR REPAIRS RESERVE		Latest	OB	Forecast	Forecast	Forecast
		2021-22	2022-23	2023-24	2024-25	2025-26
MRR	B/F	2,036	250	251	299	399
Depn/tsfr from Rev		2,943	2,953	3,000	3,100	3,200
Net Capital Financing		(10,809)	(21,934)	(7,145)		
Loan Advanced/(Repaid)		6,080	18,982	4,193	(3,000)	(3,000)
MRR	C/F	250	251	299	399	599
CITY FUND LOAN						
Loan Balance	B/F	0	6,080	24,819	28,019	23,842
Loan Advanced/(Repaid)		6,080	18,982	4,193	(3,000)	(3,000)
HRA Minimum Repayments (4%)		0	(243)	(993)	(1,177)	(1,001)
Loan balance	C/F	6,080	24,819	28,019	23,842	19,841

7. The HRA is forecast to begin borrowing to fund the major repairs works at the end of this financial year. This is set to increase to £28.0m by the end of 2023/24 before falling back as loan repayments increase. This fall however assumes that no significant further works are carried out in the final two years of the planning period. Also borrowing will be higher if further construction inflation costs have to be built into the major repairs programme.



Forecast Income

8. Existing rentals are expected to continue beyond 2022/23 with a 2% uplift. Some additional dwellings rental income streams have also been factored in as set out in Table 3 below.

TABLE 3 - Dwellings		Latest	OB	Forecast	Forecast	Forecast
		2021-22	2022-23	2023-24	2024-25	2025-26
Income						
Exisitng Rent roll		10,638	10,837	11,054	11,275	11,500
COLPAI	(66 units)	0	155	450	459	468
Sydenham Hill		0	0	0	785	801
York Way		0	0	0	500	510
TOTAL		10,638	10,992	11,504	13,019	13,279

- The delayed new flats at COLPAI are expected to deliver an annual rent roll of £450k and this income has been included from January 2023 (completion due in July 2022).
 - New flats at Sydenham Hill, generating income in the region of £785k annually, have again experienced long delays and are projected to come on stream by April 2024.
 - New flats at York Way are also projected to begin generating additional rental income of £500k annually (this is a cautious estimate) from April 2024.
9. The Car Parking figures do not include any projection for additional car parking income relating to Middlesex Street as we await a potential deal with City of London Police for up to £400k per annum of additional rent.

Review of Expenditure

10. Existing repairs and maintenance costs are expected to continue beyond 2022/23 with a 2% uplift. A breakdown of the annual cost is shown in the Table below. It is expected that the significant planned major works investment in windows, roofs and heating systems will reduce the upcoming costs of maintenance, but for the sake of prudence no diminution has been factored into these projections.

REPAIRS, MAINTENANCE AND IMPROVEMENTS	2021/22 £000	2022/23 £000
BREAKDOWN AND EMERGENCY REPAIRS		
Building	(1,100)	(1,122)
Electrical	(240)	(240)
Lifts	(10)	(10)
Heating and Ventilation	(200)	(200)
Recharge and Insurance Claims	(50)	(50)
CONTRACT SERVICING		
Building	(60)	(60)
Electrical	(270)	(270)
Lifts	(140)	(140)
Boilers	(250)	(250)
Ventilation	(450)	(450)
CYCLICAL WORK AND MINOR IMPROVEMENTS	(206)	(184)
TOTAL REPAIRS	(2,976)	(2,976)

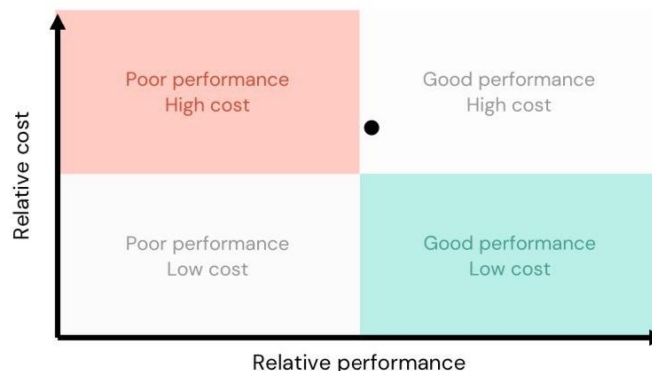
- Repairs are broken down into various priorities in terms of the response times for completion. During the pandemic, we have continued to ensure compliance with the regulations in terms of gas and electrical safety, asbestos checks, lift maintenance, water testing and fire safety. During the various lockdowns however, we had to prioritise the repairs service, which meant that some of the higher priority (less urgent) works were put on hold. We have made good recent progress in catching up with the backlog of repairs.
- To date, we have continued to carry out all repairs to our homes in line with the respective prioritisation scheme. It may be necessary going forward, to look at prioritising repairs differently taking into account, for example, thresholds of need and vulnerability. It may be necessary, to consider, at least for a certain period of time, to hold back on less urgent or low-priority repairs to reduce the overall level of expenditure on repairs and maintenance in line with what is affordable.
- It is likely, that the current repairs and maintenance contract will be put out for tender in 2022. We will use this opportunity to review the service that we provide and, look at ways to reduce our expenditure. This will include a review of those works that tenants are required to do themselves, as set out in their tenancy agreement.
- It will be necessary going forward to increase the level of scrutiny and control of the repairs and maintenance budget to ensure that there is sufficient flexibility

and resilience to respond to budget pressures, whilst still maintaining a good level of service to our residents.

- The 2021 Housemark benchmarking report found that the City was high cost in relation to other London LA's but was also in the good performance quadrant as set out below

Asset management

Your overall maintenance performance was slightly above that of your peers, however, your front-line costs are also greater. This is based on your responsive repairs and void works cost per property of £977, your cyclical maintenance and major works cost per property of £3,373 and your average performance across four repairs and maintenance KPIs.



11. A breakdown of Premises, Support and Technical Services Costs are set out in the Table below

Premises, Support & Technical Services Costs	Latest 2021-22	OB 2022-23	Comments						
Supplementary Revenue Projects	457,000	671,000	One-off project costs - mainly Southwark concrete repairs						
Fees & Services	644,000	627,000	Professional & consultancy fees, Mgmt fees (for Horace Jones), legal charges, Security						
Communication & Computing	390,000	390,000	Software & hardware costs (Orchard & replacement system), Mobiles, switchboard cost						
Rents	108,000	108,000	Accommodation cost for Resident estate Officers						
Rates	277,000	277,000	Business Rates (shops, car bays, etc), council tax and void payments						
Service Charges	44,000	44,000							
Water & cleaning	50,000	41,000							
Equipment	43,000	39,000							
Conferences & hospitality	7,000	7,000							
Grants & Subscriptions	30,000	30,000							
Printing & Stationary	18,000	17,000							
Transfer Payments	17,000	17,000							
Transport	9,000	9,000							
Central Support Services recharge	382,000	359,000							
Surveyors Employee recharge	90,000	90,000							
CLPS cost recharge	139,000	114,000							
IS staff recharge	478,000	364,000							
Net Insurance recharge	171,000	171,000							
Recharged outside HRA	(524,000)	(536,000)	Mainly charges to Barbican Residential						
Recharged to Capital Projects	(500,000)	(500,000)	Costs ascribed to specific major repairs & new build capital projects						
	2,330,000	2,339,000							
Analysed As :									
Premises & Support	791,000	800,000							
Tech Services	1,539,000	1,539,000							
	2,330,000	2,339,000							

12. The five-year plan makes no allowance for further backdated water rates repayments beyond those previously agreed by Community & Children's Services Committee.

13. Supervision & management costs relate to salary costs as set out in the Manpower table below. As part of the TOM process, we have been reviewing areas of the housing service with a view to enhancing service levels and, wherever possible, reducing costs. There are still some areas of the housing service that still need to be reviewed and, it is expected that these reviews will generate some similar efficiency savings. It is possible, that a further review of supervision and management costs will need to take place in the near future particularly, if the HRA is hit with further calls for essential additional funding.

Manpower statement	Revised/LAB Budget 2021/22		Original Budget 2022/23	
	Manpower	Estimated	Manpower	Estimated
	Full-time equivalent	cost £'000	Full-time equivalent	cost £'000
Management	30	1,726	35	1,930
Estate Officers	11	467	10	452
Porter/Cleaners	19	962	24	958
Gardeners	3	106	6	200
Wardens	0	16	0	16
Technical Services	39	2,515	40	2,528
TOTAL SALARIES	102	5,792	115	6,084
<i>Analysed As</i>				
Supervision and Management		4,218		4,431
Specialist Support Services		1,574		1,653
TOTAL		5,792		6,084

14. Specialised support services costs are analysed in the table below

	Latest	OB
Specialised Support Services	2021-22	2022-23
Cleaning and Domestic Supplies	197,000	194,000
Clothes, Uniform and Laundry	8,000	8,000
Communications and Computing	2,000	2,000
Direct Employee Expenses	1,569,000	1,648,000
Direct Transport Costs	2,000	2,000
Energy costs	493,000	518,000
Equipment, Furniture and Materials	37,000	29,000
Fees and Services	8,000	8,000
Grounds Maintenance Costs	97,000	97,000
Indirect Employee Expenses	5,000	5,000
Rates	81,000	74,000
Rents	48,000	25,000
Support Services	4,000	4,000
Water Services	67,000	68,000
	2,618,000	2,682,000

The majority of these costs are recoverable via the service charge and therefore have no net effect on the Housing Revenue Account.

Major Works Capital Programme

- The table below summarises the various categories of projects currently underway or being planned for which provision has been made in terms of borrowing capacity, loan repayments and interest charge within the rolling five-year plan. No provision has been made for future additional projects that have been identified in the latest full, or any new stock condition survey and therefore the capital works are expected to complete by the end of 2023/24. Furthermore, no provision has been made for the effects of construction inflation across the programme.

Summary Of Major Works Programme	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25	Project Manager Forecast 2025/26
	£'000	£'000	£'000	£'000	£'000
Decent Homes	334	111	0	0	0
Door Entry	1	0	0	0	0
Electrical	395	0	0	0	0
Heating	2,568	2,365	1,781	0	0
Lifts	21	0	0	0	0
Lighting	0	0	0	0	0
Other (George/Eric)	1,060	1,500	1,500	0	0
Roofs	510	8,683	0	0	0
Water	28	0	0	0	0
Windows	6,631	12,528	3,998	0	0
Sprinklers	1,253	2,350	0	0	0
Fire Doors	1,435	7,678	2,304	0	0
TOTAL COST	14,235	35,215	9,583	0	0
Other funding inc. leaseholders	(3,426)	(13,281)	(2,438)	0	0
NET CAPITAL FINANCING cost to MRR	10,809	21,934	7,145	0	0

16. Delays to the Major Works Programme would result in more frustration to tenants in terms of, for example, having to wait longer for new windows and curtain walling. This would mean that tenants have to endure the impact of cold weather for longer and, the inefficiency of existing windows (single glazed) means that they will have higher heating bills than they would with modern double or triple-glazed windows. We have, for the most part, prioritised projects that impact on the health, safety and wellbeing of our tenants such as, electrical upgrades and rewiring, gas heating improvements, urgent fire safety improvements, roofing works, renewal of external concrete balustrades and other concrete features, lift refurbishment, renewal of stairwell panels, CCTV and door entry installations and replacement kitchen and bathrooms. It should be noted that many of these priority projects have been completed.

17. The Major Works Programme is progressing as fast as has been practical and achievable. To date, some 49 projects have been completed across the Corporation's 12 social housing estates at a cost of over £26million. It is accepted that the Major Works Programme will take longer than the original estimate of five years however, there are very good reasons for this including:

- the timing for the delivery of the programme was originally overestimated.
- the size of the programme has expanded by over 50% (£30million) to include additional projects such as fire safety improvements (new fire doors, sprinkler installations, compartmentation works etc), roofing works, electrical upgrades etc.
- some of the projects are complex and, have taken longer than anticipated to progress.
- the complexities of carrying out major works on an iconic Grade II listed estate that is Golden Lane (Grade II* in the case of Crescent House).

Additional funding alone will not resolve the complex issues that we face with many of these projects.

18. There have been issues with resources both at the outset of the Major Works Programme when, the Corporation had to recruit a whole new delivery team and lately, when several Project Managers chose to leave the Corporation and, we had to recruit to replace them. The delivery team is now back up to its full complement however, we do need to consider increasing the number of Project Managers in the delivery team to deal specifically with some of the recent additional projects such as fire safety improvement works, roofing etc.
19. We continue to co-ordinate projects to achieve efficiencies in cost and minimise disruption to our residents. However, we do need to be mindful of the financial burden on the ability of our leaseholders to pay for multiple projects at one time. The current approach we are taking is sensible and practical

Heating Systems

20. The table below sets out future projections for the completion of current plans for work to existing Heating Systems. York Way Estate and Middlesex Street will complete as planned and within the forecasted allowances. Crescent House and Cullum Welch heating system are largely dependent on other project outcomes such as the Windows and Roof Replacement Systems.

HEATING				
Core Project	Project Manager Forecast Total	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24
L5-Crescent House & Cullum House Heating Replacement	3,118,119	265,815	1,000,000	1,780,549
L5-Heat & Hot Water Golden Lane Estate	420,854	50	0	0
L5-Middlesex Street Estate - Replacement of Heating & Hot Water	2,652,183	1,277,525	1,000,000	0
L5-York Way & Middlesex St Heating/Hot Water	1	0	0	1
L5-York Way Estate - Replacement of Heating & Hot Water	2,964,880	1,025,000	364,566	0
	9,156,035	2,568,390	2,364,566	1,780,550

Other (inc. George & Eric Refurbishment)

21. The table below sets out future projections for the completion of current plans for work including the refurbishment of housing at George Williston & Eric Wilkins Houses. George Elliston and Eric Wilkins will pick up where the development project has left off with a full refurbishment project for the blocks and is currently under survey to build the tender specification.

OTHER (inc George/Eric Refurbishment)				
Core Project	Project Manager Forecast Total	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24
L5-Petticoat Tower Replacement of Windows and Balcony Doors	346,237	2,800	0	0
L5-Housing Management System Upgrade	365,577	91,750	0	0
L5-Golden Lane Community Centre	1,195,651	0	0	0
L5-Petticoat Tower Stairwell Panels	418,007	15,651	0	0
L5-Avondale Square Play & Ball Games Areas Refurbishment	1,000	1,000	0	0
L5-George Elliston & Eric Wilkins Houses Refurbishment	3,506,203	506,200	1,500,000	1,500,000
L5-Housing Estates Play & Ball Games Areas Refurbishment	237,323	237,320	0	3
L5-Middlesex Street Play & Ball Games Areas Refurbishment	1,000	1,000	0	0
L5-Sheltered Units Refurbishment Options	1	0	0	1
L5-Windsor House Play & Ball Games Areas Refurbishment	1,000	1,000	0	0
L5-Blake House William Blake Estate Renew Roof Coverings	393,736	0	0	0
L5-Dron House - Renewal of Roof Coverings	404,984	5,000	0	0
L5-Middlesex Street Estate Decant Car Park	425,340	0	0	0
L5-Great Arthur House Window Cladding	11,198,505	198,132	0	0
	18,494,565	1,059,853	1,500,000	1,500,004

Roofs

22. The table below sets out future projections for the completion of current plans for work on roofs across the estates Roofing work set to start on Golden Lane Estate as part of the Window Projects. The remaining roofing replacements will be procured separately.

ROOFS				
Core Project	Project Manager Forecast Total	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24
L5-Roof Replacements - Various Estates	6,533,004	200,000	6,333,000	4
L5-Petticoat Square Renewal of Flat Roof Coverings	443,651	10,000	0	0
L5-Renewal of Flat Roof Coverings - Various Blocks	2,650,012	300,000	2,350,000	12
	9,626,667	510,000	8,683,000	16

Windows

23. The table below sets out future projections for the completion of current plans for work on windows across the estates The budget forecasts were uplifted following the competitive tender of Dron House. Resources will be in place to deliver this Window Replacements and Common Parts Redecorations over the next 18 months. The remaining estates have been tendered and are about to undergo section 20 consultation in readiness for delivery.

WINDOWS				
Core Project	Project Manager Forecast Total	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24
L5-Dron House Windows Replacement	1,606,916	1,578,560	1	0
L5-Golden Lane Windows Replacement	8,373,305	1,053,810	3,093,719	3,997,573
L5-Holloway Estate Windows Replacement	3,197,157	1,136,137	2,017,173	0
L5-Southwark Estate Windows Replacement	5,932,612	752,715	5,125,157	0
L5-Sydenham Hill Windows Replacement	875,167	319,540	527,589	0
L5-William Blake Windows Replacement	2,016,187	960,046	1,000,000	0
L5-Windsor House Windows Replacement	1,611,278	824,143	764,226	0
L5-Avondale Square Estate Window Major Refurbishment	439,614	6,087	0	2
	24,052,235	6,631,038	12,527,865	3,997,575

Sprinklers

24. The table below sets out future projections for the completion of current plans for work on installing sprinklers on designated properties across HRA estates. A contract is in place to deliver sprinklers to all three sites (5 blocks in total). Subject to Planning requirements, it is expected that the budget will be spent as forecasted.

SPRINKLERS				
Core Project	Project Manager Forecast Total	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24
L5-Installation of Sprinklers - Avondale Square Estate	1,779,151	885,700	893,451	0
L5-Installation of Sprinklers - Great Arthur House	886,263	16,500	869,763	0
L5-Installation of Sprinklers - Petticoat Tower	778,697	226,708	551,989	0
L5-Installation of Sprinklers in Social Housing Tower Blocks	276,973	123,634	35,000	2
	3,721,084	1,252,542	2,350,203	2

Fire Doors

25. The table below sets out future projections for the completion of current plans to install fire doors across HRA estates. Petticoat Tower Fire Doors are completed and Lot 1 of the main fire door contract (Holloway and York Way Estates) is due for award in readiness for the start of 2022. The direct award of the remaining estates is subject to committee approval following a request from procurement colleagues to seek further approval to continue the award via the Hyde Framework

FIRE DOORS				
Core Project	Project Manager Forecast Total	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24
L5-Petticoat Tower - Fire Safety Doors	265,184	123,423	0	2
L5-Fire Safety Doors - Great Arthur House	2,147,503	0	2,113,464	3
L5-Fire Door Replacements - Various Estates	9,215,002	1,311,252	5,565,000	2,304,338
	11,627,690	1,434,675	7,678,464	2,304,343

Conclusion

26. This report presents the five-year plan for the HRA and outlines the key risks to the low revenue reserves and borrowing headroom of any additional financial shocks.

Mark Jarvis
Head Of Finance, Chamberlains Department
T: 020 7332 1221
E: Mark.Jarvis@cityoflondon.gov.uk

Paul Murtagh,
Assistant Director Barbican & Property Services
T: 020 7332 3015
E: Paul.Murtagh@cityoflondon.gov.uk

Committee(s)	Dated:
Finance Committee	25 January 2022
Subject: Chamberlain's & Chief Operating Officer's Department Risk Management – Monthly 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 author: Hayley Hajduczek, Business Support Manager, Chamberlains	

Summary

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

There are currently no red risks on the Corporate Risk Register within the responsibility of the Chamberlain and one red risk on the Corporate Risk Register within the responsibility of the Chief Operating Officer. There are no RED risks on the Chamberlain's department risk register and one RED risk currently listed on the Chief Operating Officer's departmental risk register.

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

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on red rated risks at the intervening Committee meetings. As we transition into the target operating model the Chief Operating Officer has taken over the management of the IT division and City Procurement from the Chamberlain, so this report has been written jointly by both departments.

Current Position

2. This report provides an update on the current risks that exist in relation to the operations of the Chamberlain's & Chief Operating Officer's departments. It is to be noted that there are

currently no red risks on the Chamberlain's risk register, however close monitoring continues for all risks. As of this update CR35 Unsustainable Medium-Term Finances risk has remained with a risk score of 12 (amber). There has been no event to cause a trigger (as agreed by this committee) to increase this score. This risk continues to be closely monitored and updated as new information unfolds. A new risk has crystallised in relation to the Housing Revenue Account now forms a fifth trigger category, shown below.

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

3. This risk continues to be closely monitored and updated in line with current financial circumstances over five main areas against agreed triggers highlighted below. In addition, £30m reserves are held back to assist mitigate any risks within City Fund:

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.

HRA

Trigger:

- Unable to balance revenue budget inclusive of HRA reserves.

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 2022/23 fiscal year and beyond. Chamberlain's will continue to monitor the current financial position to include any new information that is of concern. Furthermore, Member bilateral meetings and deep dives to Efficiency and Performance Sub Committee have been taking place during the Autumn and will provide an opportunity to capture any risks relating to achievement of flightpath savings across the MTFP.

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

4. The Information Security Risk has increase to a Red risk due to the increase in likelihood and impact of a security incident.
5. 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 Licenses to upgrade the Corporation to Microsoft E5 which provide a much enhanced security package as well as other attributes.

6. Other mitigations include promoting security training and on-going and regular security communications to all staff and Members.
7. The Results of the IT Health Check have been received and remediation actions completed with the CoL PSN forms now submitted.
8. Work on a simulated cyber attack is being planned with the IT Security Team for completion by the end of February 2022.
9. Further IT Security training offered to staff and Members and regular communication on security issues on the intranet and via email.

CHB IT 031 IT Revenue Budget (Current Risk: Red – No change)

10. 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.
11. An interim IT Capacity Manager has been employed to support work on infrastructure and licence optimisation.
12. 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 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 as presented to the Finance Committee at the December 2021 meeting.
13. With our latest forecast, 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 a revised estimated overspend of now under £400k. Note: the estimated overspend is based on the assumption that any unused pump priming fundamental review funding that was provided within the IT revenue budget will need to be returned.

Appendices

- Appendix 1 Chamberlain's Department Detailed Risk Register

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk

Hayley Hajduczek

Business Support Manager
Chamberlain's Department

E: Hayley.Hajduczek@cityoflondon.gov.uk

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Hayley Hajduczek




Generated on: 12 January 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
CR23 Police Funding Page 64 21-Nov-2016	Cause: Reduction in government funding, workforce costs and growing demand in Policing services leading to pressures for the City Fund -Police. Event: Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget 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.		12	Significant Police MTFP deficits projected, including exceptional costs of Action Fraud extension and re-procurement and loss of grants for Counter-Terrorism, TFL and Bank of England. £6.1m indicative mitigations plus assumed reinstatement of £2.3m Business Rate Premium (BRP) funding would have balanced 22/23. However Govt funding settlement was £1m less than forecast. Also intentional policy to increase local funding % for Police finances. Proposals being put to January 2022 Committees for 0.4p increase in BRP to help balance Police and City Fund finances across Medium-Term, attached to strong narrative on vital policing ambitions and outcomes.		12	31-Mar-2022	

Caroline Al-Beyerty							Accept	Constant
---------------------	--	--	--	--	--	--	--------	----------

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 from 20/21. Major medium-term revenue pressures for Police and wider City Fund to be balanced by combination of Police mitigations, BRP reinstatement and BRP increase being proposed to January 2022 Committees, attached to strong narrative on vital policing ambitions and outcomes.	Alistair Cook	12-Jan-2022	31-Mar-2022

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR35 Unsustainable Medium Term Finances	<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. Stakeholders experiencing reduced services and service closures.</p>	 <p>Likelihood</p> <p>Impact</p>	12	<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. A new trigger has been added in light of HRA position. However, none of these have been triggered in January 22, close monitoring will continue. 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. The overall financial position CF and CC was presented to the Joint RASC and E&P Sub Committee on 14th January 2022. Chamberlain's will continue to monitor the position and subsequently 	 <p>Likelihood</p> <p>Impact</p>	12	31-Mar-2022	

19-Jun-2020 Caroline Al-Beyerty				update the triggers as new information unfolds. 17 Jan 2022			Accept	Constant
------------------------------------	--	--	--	---	--	--	--------	----------

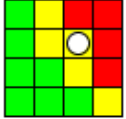
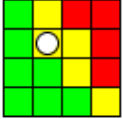
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR 35a	A reduction in key income streams and increase in bad debt	This is being monitored monthly, with action being taken to reduce spend where possible. Budget forecast for 21/22 includes reduced income, with recovery profiled across the medium term. In addition, Chief Officers continue to work with tenants on a payment plan to mitigate potential issues when the moratorium is lifted in March 2022.	Sonia Virdee	17-Jan-2022	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 flow modelling over the medium term has been carried out during quarter 3 for City's Cash and City Fund in line with the MTFP preparations. 	James Graham; Sonia Virdee	17-Jan-2022	31-Mar-2022
CR 35c	Increased expenditure related to COVID measures-maximise recovery from government <i>Triggers:</i> • 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 to end of June 21. 	Sonia Virdee; Neilesh Kakad;	17-Jan-2022	31-Mar-2022
CR 35d	Inability of occupiers to pay rates as their income falls as business models are damaged. A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. The Corporation is currently benefitting from growth in business rates retained income of c£40m. Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool. <i>Triggers</i> • 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. Work is ongoing to try and improve the collection rate 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 receive £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	12/01/22	31-Mar-2022

CR 35e	<p>Impact on investments: securities/property</p> <p>Triggers:</p> <ul style="list-style-type: none"> • Increase in loss of income over £5m p.a. 	<ul style="list-style-type: none"> • The values of the three main financial investment portfolios have continued to grow over the course of Q4, albeit at a slower pace. As at 30 November, the Pension Fund, City's Cash and BHE financial investment portfolios have now returned 8.1%, 9.3% and 7.3% since the start of the financial year. 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 £121.620m (September 2021 quarter estimate) from £121.187m (June 2021 quarter estimate). Over the 4 year forecast period the total rents are expected to increase to some £136.730m pa. • The investment property portfolio vacancy rate as at 1st June 2021 represents 2.9% which is lower than the City and West End vacancy rate of 7% (as reported by JLL). There was a slight decrease of 14,973 sq.ft. in vacant lettable space from 1st June 2021 to 1st December 2021. • The total arrears for the investment property portfolio as at December 2021 quarter day -1 stand at 12.53% or £22.222m (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. 	Nicholas Gill; James Graham	17-Jan-2022	31-Mar-2022
CR 35f	Impact on the MTFP	<ul style="list-style-type: none"> • Lower investment income modelled into MTFP, plus one year retention of business rate growth in 22/23. • Sums to mitigate risk are being held in Reserves- £30m on City Fund. Already drawing down on City's Cash Financial Investments by £317m across the planning horizon to 2025/26 (which is sustainable given modelling of balance sheet recovery). • Update on overall financial position for CF and CC was presented to the Joint RASC and E&P Sub Committee on 14th January 2022. 	Caroline Al-Beyerty; Sonia Virdee	17-Jan-2022	31-Mar-2022
CR 35h	<p>To implement the Fundamental Review project plan-TOM</p> <p>Triggers:</p> <ul style="list-style-type: none"> • Delays/Reduction to 12% savings. • Delays/Reduction to fundamental review savings. 	<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 Sub 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 	Jan Davies; Sonia Virdee	17-Jan-2022	31-Mar-2022

		<p>across the board. So far 14 out of the 16 planned bilateral meetings have taken place, of which majority of the departments have now had their proposals either fully or partially agreed by Committee/Members under the TOM process.</p> <ul style="list-style-type: none"> • Additional pressures have been identified through the TOM process, Chamberlain's has proposed how these additional cost pressures are met within the overall envelope to the Joint RASC and E&P Sub Committee on 14th January 2022. 			
CR 35i	<p>Impact on the HRA</p> <ul style="list-style-type: none"> • Delays in residential units coming on stream delaying income • Increasing bad debt / reduction in commercial rent • Expenditure risks- Great Arthur house • Inability to fund future works programme 	<p>There is upside in the MTFP</p> <ul style="list-style-type: none"> • Prudent assumptions have been used in forecasting when income from new residential units will come on stream. • Additional sources of capital funding s106 housing <p>Need to monitor identified expenditure risks</p> <p>Current works programme prioritised and fully funded. Future works programme following 2018 Asset condition survey will need to be incorporated towards end of the 5-year planning period.</p> <p>Housing 30 year Business Plan to be updated by the department by September 2022 alongside a review of existing risks'.</p>	Mark Jarvis; Paul Murtagh	17-Jan-2022	31-Mar-2022

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
--------------------------------------	---	-----------------------------	--------------------------------	----------------------------	---------------------------	-------------------------------------

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	12-Jan-2022	31-Mar-2022
CR16m	Work on a simulated cyber attack is being planned with the IT Security Team	The COLP IMS Team are developing and will implement two activities toward the end of the calendar year: A Red Play activity – A scenario-based exercise which simulates a Ransomware attack and tests our response to a similar incident. Scheduled for January 2022, with follow up by the end of the month.	Matt Gosden	12-Jan-2022	28-Feb-2022
CR16n	Work on a simulated cyber attack is being planned with the IT Security Team	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.	Gary Brailsford-Hart	12-Jan-2022	31-Mar-2022
CR16o	Remediation of PSN outstanding issues	PSN submission signed by the town Clerk and document set submitted to the Cabinet Office PSN Assessment Team on Tuesday 11th Jan 2022.	Matt Gosden	12-Jan-2022	30-Mar-2022



Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR29 Information Management <div>Page 72</div> 29-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 The Executive Board has agreed to allow one member of staff to represent each department up to 1 day a week to support IM Projects. There is no Capital investment to improve our IM infrastructure and uncertainty where data analysis responsibilities are to be established in the new TOM. 12 Jan 2022	 Likelihood Impact	6	30-Jun-2022	
							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	New Information Management Campaign being deployed in January. Work on the role of IM in the new TOM has begun recommended along with a funding bid.			Sean Green	12-Jan-2022	31-Jan-2022
CR29f IM Strategy implementation	Ensure officers can implement the data retention policy and data discovery requirements from GDPR	Reviewing Azure tools that can assist in the analysis of SQL databases			Adam Fielder	12-Jan-2022	31-Jan-2022
CR29g IM Audit Actions to be implemented	IM Audit Actions to be implemented	Several audit actions now need to be considered and planned for implementation up to the end of June. Dependent on a resource uplift bid within the IT TOM proposal.			Sean Green	12-Jan-2022	30-Jun-2022

CR29h W Drive moved to Sharepoint	W Drive moved to Sharepoint	Work to begin on migrating the W Shared Drive to Sharepoint following sign off from Executive Leadership team	Sam Collins	12-Jan-2022	30-Apr-2022
CR29i Local SIRO training for the Chief Officer Team	Local SIRO training for the Chief Officer Team	Training to be sourced and provided to all Chief Officers on the responsibilities of a SIRO	Nick Senior	12-Jan-2022	30-Apr-2022
CR29j IM Maturity Plan	IM Maturity Plan	More detailed mitigation actions for cultural, infrastructure and information tooling to be developed – this is resource dependent and will not start till after the new TOM is implemented in April 2022	Sean Green	12-Jan-2022	30-Jun-2022

[illegible]

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	12-Jan-2022	31-Mar-2022
CHB IT 031b	Prepare and execute the IT savings plan for 21/22 with agreement from relevant stakeholders in the organisation	<p>An interim new dedicated Project Manager and Capacity Manager is being 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.</p> <p>Ongoing- review process as part of bi-lateral</p>	Sean Green	12-Jan-2022	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 75	<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 12 Jan 2022	 <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 marry back to Critical Apps and Services list		Adam Fielder	12-Jan-2022	31-Mar-2022
CHB IT 004n	Produce IT-wide BC/DR Plan	area consultant has been contracted to produce the BCDR Plan, including at least three critical services. This will be based on the Agilisys-specific plan which was delivered March 2021. Production is underway and is scheduled for completion by 17th Jan 2022.		Matt Gosden	12-Jan-2022	17-Jan-2022
CHB IT 004O	UPS Project Delivery	Work is under way from by the supplier, and the hardware has been delivered. The first of the three weekends' work have been scheduled for January 2022, with the remaining two dates to follow.		Matt Gosden	12-Jan-2022	31-Jan-2022

This page is intentionally left blank

Committee(s)	Dated:
Joint Resource Allocation Sub Committee and Efficiency and Performance Sub Committee with Service Committee Chairmen – For Decision Policy and Resource Committee – For Decision Finance Committee – For Decision	14 January 2022 20 January 2022 25 January 2022
Subject: Capital Funding – Prioritisation of 2022/23 Annual Capital Bids – Stage 2 Final Proposals	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?	Yes
If so, how much?	£26.166m
What is the source of Funding?	City Fund Various Reserves £17.007m City's Cash General Reserves £9.044m BHE Unrestricted Income £0.115m (previously agreed)
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 November and December at Stage 1 of this third annual capital bid round, 47 live bids amounting to £61.9m were considered. The initial assessment of how essential these schemes appeared from a corporate perspective was undertaken using a RAG rating approach - resulting in £24.3m green, £29.3m amber and £8.3m red.

During consideration by Members, two amber bids and one red bid were highlighted for further review and Chief Officers submitted revised bids, two of which have subsequently been agreed by Resource Allocation Sub Committee and one (re the St Paul's Gyrotory project) is still under discussion at the time of writing this report. Assuming, for the time being, that all three revised bids are approved, the 47 live bids now amount to **£45.6m** of which £26.2m are rated as green, £12.6m amber and £6.8m red.

To ensure that the level of bids is sustainable and affordable, the following upper funding limits for new bids were proposed for City Fund and City's Cash at the Resource Allocation Sub Committee Away-day:

- £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 value of centrally funded schemes over previous years.

Taking on board the three revised bids the proposed £26.2m of green bids (of which £0.1m relates to Bridge House Estates), remains within these limits. It is therefore proposed that funding for the revised list of green bids be approved in principle, with provisions to be incorporated into the medium-term financial plans and draft budgets for 2022/23. As previously agreed, amber and red bids will not be funded in this annual round, but amber bids are to be placed on a reserve list to be progressed if savings are later identified from the provisions for the green bids.

For Bridge House Estates, the total share of corporate schemes rated as green (within the £26.2m) amounts to £0.1m, which can be accommodated from the balances on the unrestricted income fund. This provision was approved by the BHE Board in November 2021.

Financial disciplines currently in place are proposed to be continued, including that funding will be withdrawn for centrally funded schemes that slip by more than one year in all but exceptional cases and the ongoing operation of the 'one-in, one-out' approach to funding bids outside of the annual process. A review of progress on centrally funded schemes is currently being undertaken, facilitated via the bilateral meetings.

Approval to the continuation of the loan facilities for the Police and HRA is also sought. Of the original agreed £37m provision, £9.3m has so far been allocated for Police, with the remainder still required for future HRA and Police schemes. Approval to carry over the remainder of this provision is therefore sought.

Recommendations

Members are asked to:

- Note the revised total value of 2022/23 bids of £45.6m (subject to final confirmation).
- Agree 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 Gyratory revised bid.
- Confirm the proposed final RAG rating of £26.2m green, £12.6m amber and £6.8m red (detailed in the appendices).
- Agree 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).
- Note 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.
- Agree that the financial disciplines currently in place be continued, whereby

- central funding will be withdrawn for schemes that slip by more than one year; and
- the 'one-in, one-out' approach to funding of bids outside of the annual process be operated.
- Agree to the carry- over of the unallocated provision of £27.7m of loan facilities previously agreed for the Police and HRA.

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, 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. At the time of the initial review there were 47 live bids amounting to £61.9m, most of which were 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 was 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.

This initial review resulted in £24.3m rated as green, £29.3m amber and £8.3m red.

6. During consideration by Members, two amber bids and one red bid were highlighted for further review:
- Walbrook Wharf Feasibility–2027 and beyond. Initially rated as amber, the need for immediate research into waste management, river freight and net zero targets to inform the strategic direction was highlighted and a revised bid for 2022/23 of £150k (reduced from £350k) was subsequently agreed by RASC in December.
 - St Paul's Gyratory. A bid for this £17m scheme was rated as amber due to uncertainties in the scope of works to be funded by external developers. To allow progression of the scheme, officers were requested to resubmit a revised bid for a minimal allocation to fund investigations to inform the future central funding requirement. A reduced 2022/23 bid of £556k has been submitted which is still under discussion at the time of writing this report and is therefore subject to final approval under delegated authority.
 - St Paul's Cathedral External Lighting. This scheme was initiated some years ago on the basis of full external funding. However, with only £0.5m identified of the £2m in external funding required to replace the lighting, and the works becoming increasingly urgent, a central funding bid for the £1.5m shortfall was submitted. This was initially rated as red due to lack of clarity about the City's responsibility for this building and the potential for other sources of funding. In view of the local and national significance and benefits to tourism of the Cathedral that is still struggling from the ongoing loss of donations post pandemic, Members were sympathetic to a reduced capital bid, taking account of possible S106 and other external contributions and providing clarity about future City obligations. A subsequent report identifying additional S106 and other external funding, together with confirmation that the Cathedral would take on future responsibility for the new lighting system, has resulted in a revised bid of £1.16m which was agreed under delegated authority.

These three revised bids are now proposed to be rated as green.

7. Assuming, for the time being, that the St Paul's Gyratory revised bid is approved, the 47 live bids now amount to £45.6m of which £26.2m are rated as green, £12.6m amber and £6.8m red.

			Green	Amber	Red	Total
			£m	£m	£m	£m
	Critical End of Life Replacement		5.280	10.030	3.065	18.375
	Health and Safety/Statutory Compliance		7.784	-	2.774	10.558
	High Priority/Reputational		13.102	2.450	-	15.552
		Other	-	0.100	1.000	1.100
			26.166	12.580	6.839	45.585

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

Affordability

8. 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.
9. Accordingly, through discussions at Resource Allocation Sub Committee Awayday, the following upper limits of funding for new bids was proposed:
 - £20m for City Fund (incorporating bids to be funded from the On-Street Parking Reserve (OSPR), Community Infrastructure Levy (CIL) and central capital/revenue reserves)
 - £10m for City's Cash from general reserves.
10. In order to confirm affordability, bids have been identified against the relevant funding source as summarised below:

		Green	Amber	Red	Total
		£000	£000	£000	£000
	City Fund:				
	-OSPR	4,006	2,000	1,000	7,006
	-CIL	7,533	-	-	7,533
	-Capital	3,371	8,670	2,327	14,368
	-Revenue	2,097	131	-	2,228
	City Fund	17,007	10,801	3,327	31,135
	City's Cash	9,044	1,689	3,487	14,220
	BHE	115	90	25	230
	Total	26,166	12,580	6,839	45,585

11. The following analysis shows the level of green bids against the upper funding limits:

		Upper Limits	Green Bids	Headroom
		£m	£m	£m
	City Fund	20.000	17.007	2.993
	City's Cash	10.000	9.044	0.956
	BHE	N/A	0.115	N/A
		30.000	26.166	3.949

Therefore, with the final proposed green bids remaining within the upper funding limits it is proposed that they be approved in principle.

12. As previously agreed, 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 if savings are later identified from the provisions for the green bids.
13. 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 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 and have previously been approved by Bridge House Estates Board.
14. 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.

Next Steps

15. Financial provisions for the green bids will be incorporated into the medium-term financial plans to be used as a basis for the 2022/23 budgets for approval by Finance Committee and the Court of Common Council.
16. In accordance with the new bids process, draw-down against these provisions will be subject to the further approval of the Resource Allocation Sub Committee following progression of the schemes through the gateway process.

Reinforcing Financial Discipline

17. As previously reported, it is evident from annual capital outcome reports that the capital programme regularly experiences significant slippage. Although service committees have the ambition to embark on capital schemes there have been project management capacity and capability issues which have caused delays and over time priorities sometimes change. Various initiatives to improve project and programme management have commenced and whilst the Project Management Academy is now in place the recruitment freeze has continued to constrain capacity during 2021. To sit alongside initiatives to improve skills, the following financial disciplines are also in place:
 - Where projects slip by more than one-year, central funding for schemes will be withdrawn unless an exceptional case is agreed by the Resource Allocation Sub Committee. A review of progress on centrally funded schemes is currently being undertaken, facilitated via the bilateral

meetings. This will ensure that funding is available to re-direct to the highest priority areas and may alleviate the additional financial pressures arising from the escalation in construction inflation.

- The 'one-in, one-out' approach will be adopted when considering additional central funding requests arising outside of the annual bid process.

18. In December 2019 Members agreed in principle to provide loan funding to the Police and HRA up to the limit of how much each can afford to pay in accordance with the City Fund Minimum Revenue Provision Policy, providing that the schemes financed through the loans meet the prioritisation criteria. Approval to a loan funding provision of up to £37m across the medium term was agreed as part of the 2020/21 bids. Some £9.3m of this provision has already been identified for Police priority schemes and the remainder still required for future HRA and Police schemes. Approval to carry over the balance of this provision is therefore sought.

Report author

Dianne Merrifield
Group Accountant, Capital

E: dianne.merrifield@cityoflondon.gov.uk

T: contact via Teams whilst working from home

Appendices: Final Proposals: Green/Amber/Red Bids

This page is intentionally left blank

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
Walbrook Wharf Feasibility - 2027 and beyond	0.150	-	-	0.150
St Paul's Gyratory - Design Development	0.556	-	-	0.556
St Paul's Cathedral External Re-lighting	1.160	-	-	1.160
Total Green Funding Bids	17.007	9.044	0.115	26.166

Total 30 (of 47)

This page is intentionally left blank

2022/23 Annual Bids - Initial Assessment Amber

Project Name	City Fund £'m	City's Cash £'m	BHE £'m	Total Funding Allocation £'m	Commentary /why is this Amber
Critical end of life replacement:					
Central Criminal Court - Lighting to South Wing Courts	2.000	-	-	2.000	This was rated as amber in 2021/22 bid round -no significant change since last year. Replacement lighting will be LED - information regarding possible climate action benefits are not currently available.
Barbican Centre - Repairs to roof, expansion joint repairs and drainage and water systems	5.000	-	-	5.000	A holistic approach is required to resolve the long-standing issues with the highwalks, Barbican Centre and Guildhall School. Query re exclusion from Barbican Renewal scope.
Barbican and Golden Lane Healthy Streets and Zero Emissions Zone	2.000	-	-	2.000	The aim is to extend the benefits of the Beech Street air quality etc improvements to the surrounding area encompassing the wider Barbican and Golden Lane area. Need to see the Beech Street benefits delivered before committing additional central funding.
Guildhall Humidification Plant replacement - remaining areas	0.470	0.490	0.020	0.980	The essential areas of the Guildhall are covered by the PSDS grant - the remaining areas were deemed non-essential. Need clarity on Guildhall Masterplan before progression.
DCCS - Library Management System	0.050	-	-	0.050	This bid includes £30k of existing staff costs which results in a net bid for £20k of central funding. Such a sum should be accommodated within existing local risk budgets.
High Priority Policy:					
IT - Robotic automation: funding to undertake scoping exercise to drive process design to support Robotics and automation	0.032	0.015	0.004	0.050	Whilst this bid appears complementary to the ERP project the essential need is not clear.
IT - Data Repository/Warehouse	0.192	0.087	0.021	0.300	The aim is to fulfil an organisation need for infrastructure to clean and contain data that can be easily accessed and used to make better decisions and may offer opportunities to commercialise data. Amber as the essential need unclear.
Guildhall Complex Post Covid New Ways of Working - Stage 2 works and furniture	1.008	1.050	0.042	2.100	Whilst new ways of working are a high priority, the model has yet to be agreed alongside the Guildhall Masterplan and therefore this bid appears premature.
Other:					
IT - Application rationalisation funding to undertake scoping exercise to eliminate duplicate software applications	0.032	0.015	0.004	0.050	Whilst this is a sensible forward thinking suggestion, it is not a good fit with the current essential prioritisation criteria. The request is for funding to consider the art of the possible.
IT - CRM development for Markets	0.017	0.033	0.000	0.050	Business need for a cross-market customer relationship management system to manage stakeholder/customer contacts, with the potential to generate income from the product with other wholesale markets in the UK. Not a good fit with current essential prioritisation criteria .
Total Amber Funding Bids	10.801	1.689	0.090	12.580	
Total 10 (of 47)					

This page is intentionally left blank

2022/23 Annual Bids - Initial Assessment Red

Project Name	City Fund £'m	City's Cash £'m	BHE £'m	Total Funding Allocation £'m	Commentary /why is this Red
Critical End of Life Replacement					
Heating Replacement – Mayors and City of London Court	-	1.350	-	1.350	This court is due to move to the new court at Fleet Street and a capital receipt is included in the Salisbury Square funding Strategy. We need to develop the disposal strategy in order to determine whether a new heating system represents sound VFM.
Walbrook Wharf Full Replacement of Phase 2 Heating & Cooling System	0.735	-	-	0.735	An appropriate asset management strategy needs to be in place which depends on plans for the future of Walbrook Wharf.
IT - Libraries IT Refresh (top-up bid)	0.280	-	-	0.280	This is a request for top-up on the £220k agreed in principle as part of the 2021/22 bids. Feedback is that the increases in scope/cost are in the nature of 'nice to haves' rather than essentials.
Barbican Centre - Replace live streaming infrastructure	0.700	-	-	0.700	There is a strong likelihood of securing external funding for this work, negating the essential need for central funding.
Health and Safety					
65 Basinghall - Switch Room - Asbestos and Live Electrical Equipment Removal, and Water Ingress Solution	0.612	0.637	0.025	1.274	These works were proposed to unused areas in 65 Basinghall Street on the assumption that it is required for the JCCR - this has not been confirmed. Options for the Guildhall Masterplan may overtake the need to undertake these works in isolation.
Hampstead Heath Pergola Oak Structures repair and replacement	-	1.500	-	1.500	This scheme is to be used as a pilot for raising external funding to deliver improvements on the Open Spaces, negating the need for central funding.
Other					
Healthy Streets Minor Schemes Programme	1.000	-	-	1.000	This request is for a general provision to undertake numerous ad-hoc minor improvements (<£50k) on-street, to address road safety etc issues, many of which previously would have been funded through TfL programmes or local risk. Should be looking to external funding (£278 etc) and local risk budgets for such minor schemes.
Total Red Funding Bids	3.327	3.487	0.025	6.839	

Total 7 (of 47)

This page is intentionally left blank

Committee	Dated:
Finance Committee	25 January 2022
Subject: Revenue Budget Monitoring to December 2021	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Information
Report author: Amanda Luk, Senior Accountant, Financial Services Division	

Summary

The overall forecast year-end position at Quarter 3 is £3.2m better than budget. This comprises favourable variance of £6.2m (23%) on Central Risk Budgets partially offset by an adverse variance of £3.0m (1%) on Chief Officer Cash Limited Budgets.

The adverse £3.0m variance on Chief Officer budgets, against latest approved budget of £236.6m, is due to significant forecast overspends by the City Surveyor and Commissioner of Police.

On central risk the £6.2m favourable variances, against latest approved budget of £27.5m, are due to underspends on centrally held contingencies, partially offset by reduced rental income on City's Cash investment property. The Medium-Term Financial Plan risk rating remains amber given ongoing concerns on COVID income on income streams.

The forecast year-end position for Chief Officer Cash Limited Budgets improves to an adverse variance of £0.7m once ringfenced reserves are drawn down. Consequently, the overall forecast year-end position improves to £5.5m better than budget.

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

Fund Position

The overall (Local and Central Risk) forecast year-end position is £3.2m better than budget with Guildhall Administration apportioned across the two funds gives a favourable position of £5.1m on City Fund and an adverse position of £1.9m on City's Cash.

The overall forecast year-end position, once ringfenced reserves are drawdown to offset variances, is £5.5m better than budget. With Guildhall Administration apportioned across both funds, this gives a favourable position of £6.3m on City Fund and an adverse position of £0.8m on City's Cash.

Recommendation(s)

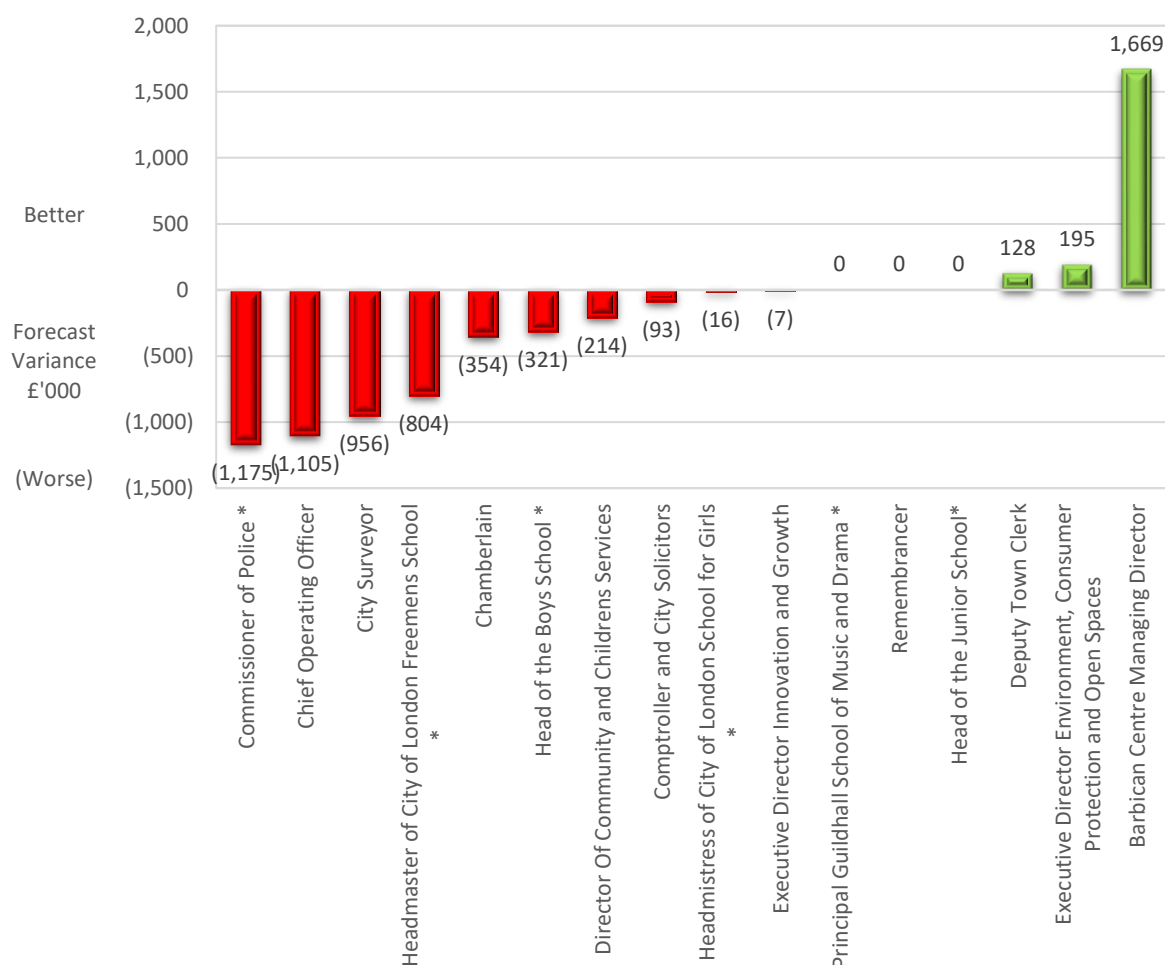
Members are asked:

- i. to note the report.

Main Report

Chief Officer Cash Limited Budgets

1. The year-end forecast is an overspend of £3.0m against the net latest approved budget of £236.6m.
2. The forecast position against the gross income and expenditure budgets comprises:
 - a. an adverse variance of £6.5m against budgeted expenditure of £510.8m attributable to multiple Chief Officers.
 - b. a favourable variance of £3.5m attributable to the Barbican Centre and the Executive Director Environment, Consumer Protection and Open Spaces against budgeted income of £274.2m.
3. Chief Officer variances against net local risk budgets are shown in the below chart and are addressed in the following paragraphs. Appendix 2 provides income and expenditure budget variances by Chief Officer.



*Chief Officers who hold ringfenced reserve balances which can be used to offset any variances

4. The City of London Police are forecasting an overspend of £1.2m by the end of the year. The overspend is primarily due to estate costs of £1.0m following the consolidation of Police sites and an overspend of £0.9m on IT recharges to City of London Police from the City Corporation. This is partially offset by £0.5m of vacant posts being held and the receipt of £0.2m of ringfenced Police Uplift Programme grant. This is being carefully monitored and work is being taken to reduce this to budget by year-end.
5. The Chief Operating Officer is forecasting an overspend of £1.1m at year end. This mainly relates to City Procurement and Information Systems where work continues to be undertaken to meet savings targets in the year through contract negotiations and recharging for services where able.
6. The City Surveyor is forecasting an adverse variance of £1.0m at year end. This is primarily on City's Estate due to a shortfall in professional fee income, an overspending on salaries due to the Fundamental Review saving on facilities management reorganisation being delayed by the Target Operating Model as well as additional expenditure on City Fund due to additional professional fees and rates.
7. The Headmaster of City of London Freemans School is forecasting an overspend of £0.8m, which is primarily due to tuition fees being increased lower

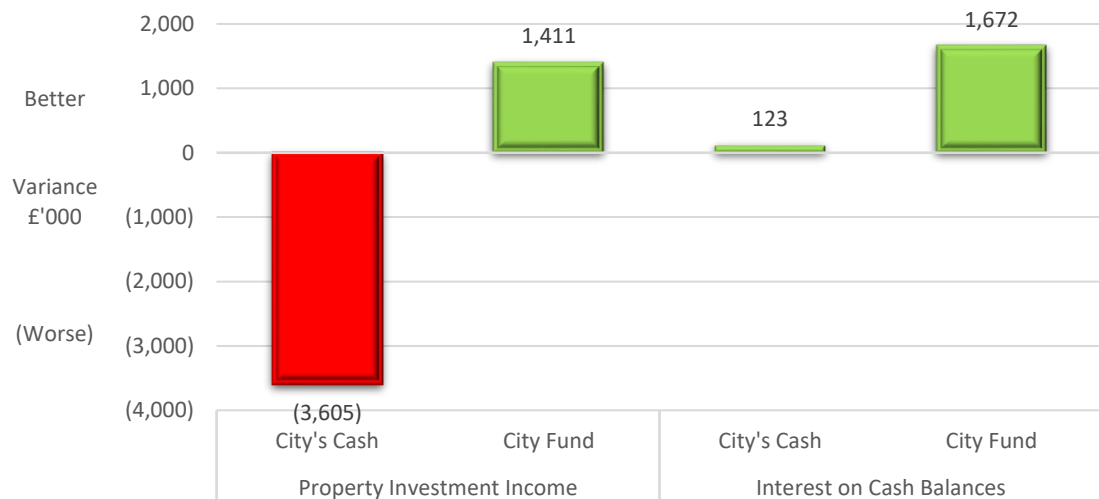
than originally expected and increased expenditure in relation to premises, supplies and services.

Central Risk Budgets

8. At Quarter 3 the forecast for Central Risk Budgets is a favourable variance of £6.2m against the latest approved budget of £27.5m. This is mainly due to underspends of £8.6m on the release of centrally held contingencies, partially offset by overspends of £2.7m by the City Surveyor.
9. The City Surveyor is forecasting an adverse variance of £2.7m at the end of the year. This is primarily due to property investment income forecasting lower rental income of £2.2m, which is addressed in the following paragraphs. This forecast does not trigger the Medium-Term Financial Plan risk rating from amber to red. The remaining £0.5m of reduced forecasted income is partly due to a shortfall on Central Criminal Court income.

Corporate Income Budgets

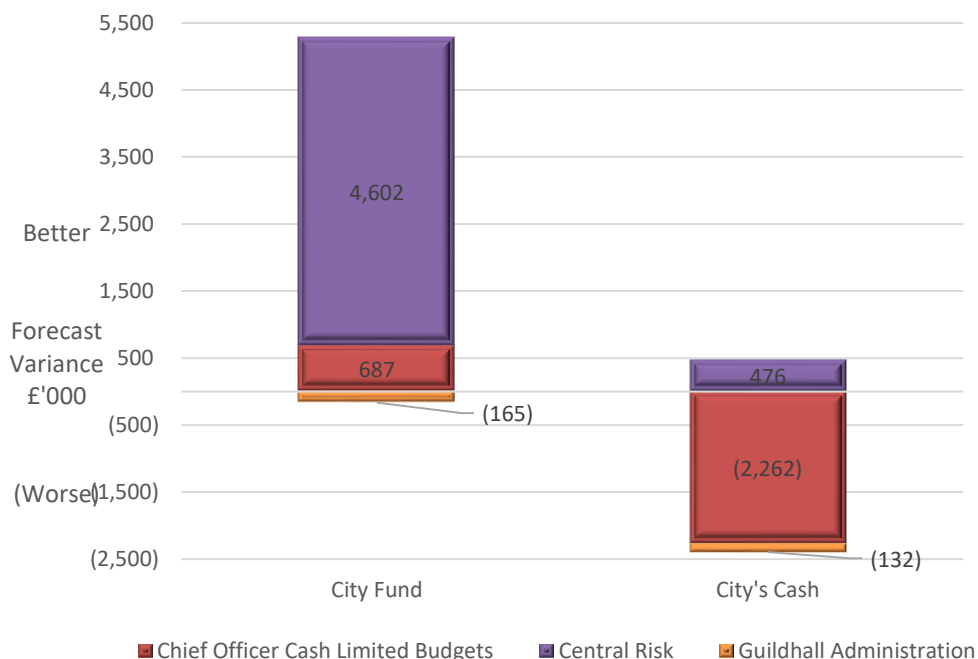
10. Property Investment income at Quarter 3 is forecast to be £98.6m at year-end which is £2.2m worse than budget of £100.8m. This comprises:
 - City Fund £1.4m favourable – Surplus income has been forecast on City Fund Estate rents. This is due to a combination of rent increases, new leases and delays to property disposal/development at, 15 Worship, 6-8 Bonhill, 15-17 Eldon Street and the Fleet Estate.
 - City's Cash £3.6m adverse – Lower rental income has been forecast to reflect the rent-free periods to existing tenants and a number of lease expiries followed by rent free periods for new tenants. The September forecast also reflects the loss of rent from both the sale of Temple Chambers and undergoing refurbishment in Tottenham Court Road.
11. Interest on cash balances is anticipated to be £5.4m at year-end which is an overachievement of £1.8m above the budget of £3.6m and is due to Corporate Bond fund income being more resilient than expected. Interest rates have increased faster than anticipated and consequently interest earned on cash deposits is higher.



Fund Position

12. The overall (Local and Central Risk) forecast year-end position reported at Quarter 3 is £3.2m better than budget. With Guildhall Administration apportioned across the two funds this gives a favourable position of £5.1m on City Fund and an adverse position of £1.9m on City's Cash.

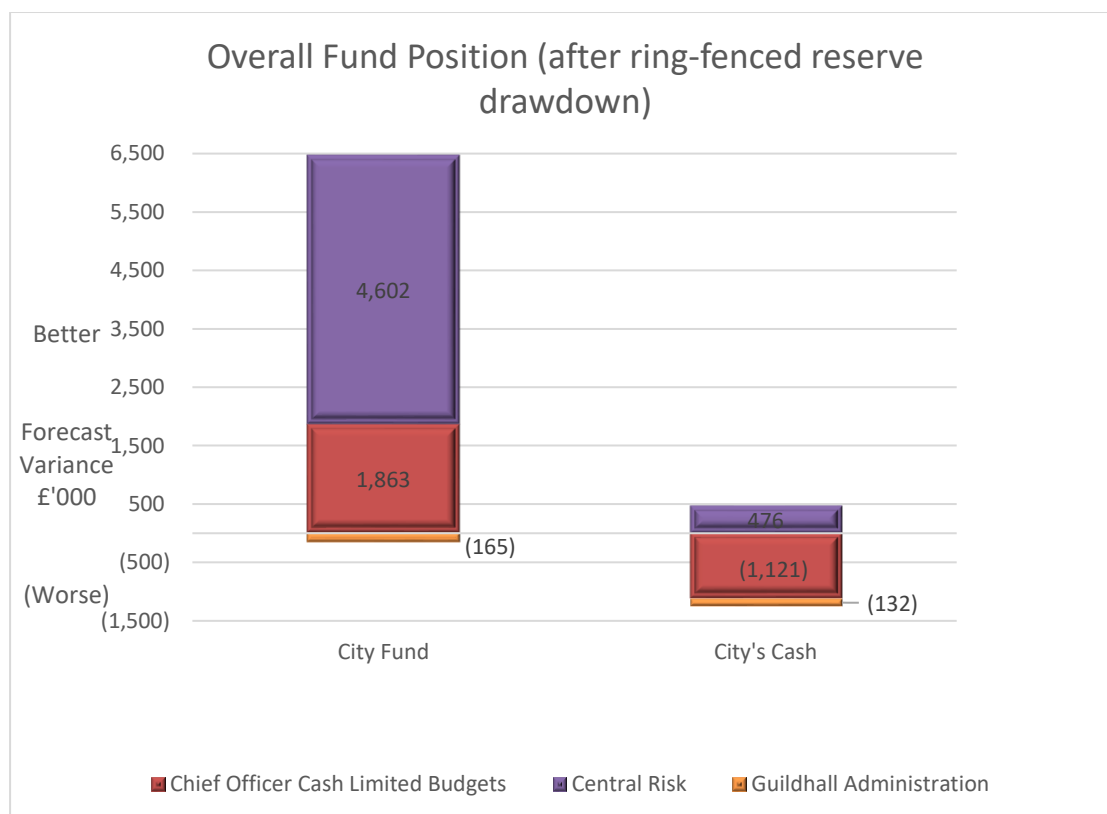
Overall Fund Position



13. The overall forecast year-end position once ringfenced reserves are drawdown to offset variances is £5.5m better than budget. With Guildhall Administration apportioned across both funds, this gives a favourable position of £6.3m on City Fund and an adverse position of £0.8m on City's Cash. The following Chief Officers have ring-fenced reserves:

- a. Head of the Boys School
- b. Headmaster of the City of London Freemans School
- c. Headmistress of the City of London School for Girls
- d. Head of the Junior School
- e. Principal, Guildhall School of Music and Drama
- f. Commissioner of Police

14. The graph below shows the overall fund position once ring-fenced reserves have been drawdown to offset their adverse variances.



Conclusion

15. Members are asked to note the forecast year-end underspend position before drawdown of ring-fenced reserves of £3.2m at the end of December (Quarter 3).

Appendices

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

Amanda Luk

Senior Accountant

T: 020 7332 1372

E: Amanda.Luk@cityoflondon.gov.uk

Neilesh Kakad

Group Accountant

T: 020 7332 1381

E: Neilesh.Kakad@cityoflondon.gov.uk

This page is intentionally left blank

Revenue Budget Monitoring Quarter 3 2021/22 – Appendices

Appendix 1

Chief Officer Cash Limited Budgets by Fund									
Original Budget £'000	Chief Officer	Full Year Forecast as at 31 August 2021				Full Year Forecast as at 31 December 2021			
		Latest Budget	Forecast	Variance Better / (Worse)		Latest Budget	Forecast	Variance Better / (Worse)	
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
	City Fund								
(24,227)	Barbican Centre Managing Director	(24,450)	(24,142)	308	1%	(24,551)	(22,882)	1,669	7%
(1,477)	Chamberlain	(1,477)	(1,202)	275	19%	(1,477)	(1,225)	252	17%
(65)	Chief Operating Officer	(65)	(65)	0	0%	(83)	(318)	(235)	(283%)
(5,287)	City Surveyor	(4,924)	(4,916)	8	0%	(5,208)	(5,294)	(86)	(2%)
(6,060)	Deputy Town Clerk	(6,465)	(6,605)	(140)	(2%)	(6,038)	(6,113)	(75)	(1%)
(11,482)	Director of Community and Childrens Services	(11,632)	(12,255)	(623)	(5%)	(13,210)	(13,419)	(209)	(2%)
(18,893)	Executive Director Built Environment, Consumer Protection and Open Spaces	(19,617)	(20,699)	(1,082)	(6%)	(19,936)	(19,396)	540	3%
(6,769)	Executive Director Innovation and Growth	(7,191)	(7,190)	1	0%	(7,194)	(7,187)	7	0%
(74,260)	Total City Fund (excluding Police)	(75,821)	(77,075)	(1,254)	(2%)	(77,697)	(75,835)	1,863	2%
	City's Cash								
(67)	Chamberlain	(67)	(119)	(52)	0%	(67)	(119)	(52)	(78%)
(1,131)	Chief Operating Officer	(1,246)	(1,152)	94	8%	(1,263)	(1,165)	98	8%
(14,327)	City Surveyor	(14,388)	(15,674)	(1,286)	(9%)	(14,435)	(15,531)	(1,096)	(8%)
(3,231)	Deputy Town Clerk	(3,203)	(2,958)	245	8%	(3,204)	(3,000)	204	6%
(786)	Director of Community and Childrens Services	(808)	(925)	(117)	(14%)	(840)	(845)	(5)	(1%)
(10,271)	Executive Director Built Environment, Consumer Protection and Open Spaces	(10,164)	(10,679)	(515)	(5%)	(10,222)	(10,568)	(346)	(3%)
(1,017)	Head of the Boys School	(1,017)	(785)	232	23%	(1,002)	(1,323)	(321)	(32%)
(147)	Headmaster of City of London Freemans School	518	975	457	88%	435	(369)	(804)	(185%)
(250)	Headmistress of City of London School for Girls	(250)	(653)	(403)	(161%)	(674)	(690)	(16)	(2%)
0	Head of the Junior School					(376)	(376)	0	0%
(8,129)	Principal Guildhall School of Music and Drama	(8,129)	(8,175)	(46)	(1%)	(8,133)	(8,133)	0	0%
(1,381)	Remembrancer	(1,381)	(1,303)	78	6%	(1,381)	(1,304)	77	6%
(40,737)	Total City's Cash	(40,135)	(41,447)	(1,312)	(3%)	(41,162)	(43,424)	(2,262)	(5%)
	Guildhall Administration								
(7,443)	Chamberlain	(9,427)	(10,288)	(861)	(9%)	(7,295)	(7,849)	(554)	(8%)
(10,827)	Chief Operating Officer	(11,144)	(12,838)	(1,694)	(15%)	(13,391)	(14,359)	(968)	(7%)
(7,151)	City Surveyor	(7,139)	(6,904)	235	3%	(7,491)	(7,265)	226	3%
(670)	Comptroller and City Solicitors	(624)	(882)	(258)	(41%)	(624)	(716)	(93)	(15%)
(4,548)	Deputy Town Clerk	(3,021)	(2,825)	196	6%	(3,026)	(2,997)	29	1%
276	Remembrancer	276	206	(70)	(26%)	265	188	(76)	(29%)
(30,362)	Total Guildhall Administration	(31,078)	(33,531)	(2,453)	(8%)	(31,562)	(32,997)	(1,435)	(5%)
(145,359)	Grand Total (excluding Police)	(147,034)	(152,053)	(5,019)	(3%)	(150,421)	(152,257)	(1,835)	(1%)
(81,603)	Commissioner of Police	(82,215)	(84,266)	(2,051)	(2%)	(86,163)	(87,338)	(1,175)	(1%)
(226,962)	Grand Total	(229,249)	(236,319)	(7,070)	(3%)	(236,584)	(239,595)	(3,010)	(1%)

This page is intentionally left blank

<div><div>Barbican Centre Managing Director</div><div><div><div>1,669 Underspend</div><div><div>Income Overachievement 1,671</div><div>Expenditure Overspend (2)</div></div></div></div><div><p>Income overachievement relates to an overperformance in theatre rental income, box office and ancillary income streams such as bars, parking, and catering.</p><p>Expenditure overspend relates predominantly to increased expenditure on Equality, Diversity & Inclusion action plans, this has been offset by an underspend on Buildings costs through utilities savings and efficiencies.</p></div></div>	<div><div>Chamberlain</div><div><div><div>(354) Overspend</div><div><div>Expenditure Overspend (939)</div><div>Income Overachievement 585</div></div></div></div><div><p>Expenditure overspend relates mainly to unidentified savings of £1.2m which will be addressed as part of the TOM restructure.</p><p>Income overachievement relates to income from London Council and museums of £200k and £70k covid recovery revenue.</p></div></div>	<div><div>Chief Operating Officer</div><div><div><div>(1,105) Overspend</div><div><div>Expenditure Overspend (594)</div><div>Income Underachievement (510)</div></div></div></div><div><p>Expenditure overspend relates to procurement and Information systems offset by savings from staff vacancies, reduced costs of waste collection and reductions in energy costs.</p><p>Income underachievement primarily relates to reduced income from service charges and energy cost recovery as a result of lower expenditure.</p></div></div>
<div><div>City Surveyor</div><div><div><div>(956) Overspend</div><div><div>Income Underachievement (535)</div><div>Expenditure Overspend (421)</div></div></div></div><div><p>Income underachievement relates to a shortfall in fee income and City Estate service charge income as well as a shortfall in recovery on security and staff costs from external events at Guildhall, this is offset by an overperformance in City Fund dilapidations income.</p><p>Income underachievement relates to professional fees and rates on City fund and a shortfall in income on City Estate due to delayed City property developments and unidentified 12% savings, this is offset by savings on Guildhall security costs of 390k.</p></div></div>	<div><div>Comptroller & City Solicitors</div><div><div><div>(93) Overspend</div><div><div>Expenditure Overspend (93)</div></div></div></div><div><p>Expenditure overspend relates to unidentified savings offset by an underspend on salaries.</p></div></div>	

<div>Deputy Town Clerk</div> <table><tr><td colspan="2">157 Underspend</td></tr><tr><td>Expenditure Underspend 688</td><td>Income Underachievement (531)</td></tr></table> <div>Income underachievement relates to reduced income from filming and room hire across CHL, Guildhall and LMA.</div>	157 Underspend		Expenditure Underspend 688	Income Underachievement (531)	<div>Director of Community & Children’s Services</div> <table><tr><td colspan="2">(214) Overspend</td></tr><tr><td>Expenditure Overspend (123)</td><td>Income Underachievement (91)</td></tr></table> <div>Forecast overspend relates to increased pressures in CCS and staffing pressures leading to use of agency staff driving costs above budget. There may be access to grant funding to offset these costs and reduce the overspend.</div> <div>The projected income underachievement results from loss of income from Community Centre and Guest Flats commercial units.</div>	(214) Overspend		Expenditure Overspend (123)	Income Underachievement (91)	<div>Executive Director Environment, Consumer Protection & Open Spaces</div> <table><tr><td colspan="2">195 Underspend</td></tr><tr><td>Income Overachievement 1,970</td><td>Expenditure Overspend (1,776)</td></tr></table> <div>Projected overspend relates primarily to 12% TOM savings of £2.4m that remain to be allocated to specific budgets, offset by staff vacancy and flexible retirement savings.</div> <div>The forecast overachievement on income relates to an increase in income from planning applications and Planning Performance Agreements as well as an increase in transfers from reserves.</div>	195 Underspend		Income Overachievement 1,970	Expenditure Overspend (1,776)
157 Underspend														
Expenditure Underspend 688	Income Underachievement (531)													
(214) Overspend														
Expenditure Overspend (123)	Income Underachievement (91)													
195 Underspend														
Income Overachievement 1,970	Expenditure Overspend (1,776)													
<div>Executive Director Innovation & Growth</div> <table><tr><td colspan="2">7 Underspend</td></tr><tr><td>Expenditure Underspend 26</td><td>Income Underachievement (19)</td></tr></table> <div>Expenditure underspend primarily relates to Visitor Services and has offset any overspend on the CIC.</div>	7 Underspend		Expenditure Underspend 26	Income Underachievement (19)	<div>Remembrancer</div> <table><tr><td colspan="2">0 Variance</td></tr><tr><td>Expenditure Underspend 417</td><td>Income Underachievement (417)</td></tr></table> <div>Forecast savings arising from the lack of events leading to reduced expenditure on overtime and a reduction in premises related expenditure such as equipment, cleaning costs and advertising.</div> <div>Income underachievement relates to the lack of event hire at Guildhall, it is anticipated that income for the year overall will remain low.</div>	0 Variance		Expenditure Underspend 417	Income Underachievement (417)					
7 Underspend														
Expenditure Underspend 26	Income Underachievement (19)													
0 Variance														
Expenditure Underspend 417	Income Underachievement (417)													

Chief Officers with ring-fenced reserves

<div>Commissioner of Police</div> <div><div><div>(1,175) Overspend</div><div><div>Expenditure Overspend (1,876)</div><div>Income Overachievem... 701</div></div></div><div>The expenditure overspend relates to IT recharged from the Corporation and costs on Estates relating to the consolidation of Police sites, this is offset by vacant posts under a restricted recruitment process and should be further offset by PUP grant income that will be available when recruitment towards the Year 2 Uplift programme has taken place.</div></div>	<div>Headmistress of City of London School for Girls</div> <div><div><div>(16) Overspend</div><div><div>Expenditure Overspend (222)</div><div>Income Overachievement 206</div></div></div><div>Expenditure overspends primarily relate to increased repairs and maintenance costs. Income Overachievement at the Girls School is in relation to an increase in pupil numbers and therefore school tuition fees.</div></div>	<div>Head of the Boys School</div> <div><div><div>(321) Overspend</div><div><div>Expenditure Overspend (692)</div><div>Income Overachievement 371</div></div></div><div>The forecasted expenditure overspends is due to increased employee costs, supplies and services and premises costs. Income overachievement at the Boys School is in relation to an increase in pupil numbers and therefore school tuition fees.</div></div>
<div>Head of the Junior School</div> <div><div><div>0 Variance</div></div><div>The Head of the Junior School is expected to be to budget.</div></div>	<div>Headmaster of City of London Freemens School</div> <div><div><div>(804) Overspend</div><div><div>Expenditure Overspend (515)</div><div>Income Underachievement (289)</div></div></div><div>Income underachievement on the City of London Freemans School is primarily due to the tuition fee increase being lower than expected. Expenditure overspends relate to increased costs in premises, supplies and services.</div></div>	<div>Principal Guildhall School of Music and Drama</div> <div><div><div>0 Variance</div><div><div>Expenditure Overspend (391)</div><div>Income Overerachievement 391</div></div></div><div>GSMD is expected to remain within budget.</div></div>

Chief Officers after ring-fenced reserves drawdown

<div>Commissioner of Police</div> <div>0 Variance</div> <div>A drawdown on reserves of £1.2m would bring the P9 position to zero variance.</div>	<div>Headmistress of City of London School for Girls</div> <div>0 Variance</div> <div>A drawdown on reserves of £16k would bring the P9 position to zero variance.</div>	<div>Head of the Boys School</div> <div>0 Variance</div> <div>A drawdown on reserves of £321k would bring the P9 position to zero variance.</div>
<div>Headmaster of City of London Freemens School</div> <div>0 Variance</div> <div>A drawdown on reserves of £804k would bring the P9 position to zero variance.</div>		

Committee(s)	Dated:
Finance Committee	25 January 2022
Subject: Finance Committee Operational Budget Estimate 2022/23	Public
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain, The Deputy Town Clerk, The Chief Operating Officer, The City Surveyor, The Remembrancer, The Director of Community & Children's Services	For Decision
Report author: Jenna Brassett, Chamberlain's Department	For Decision

Summary

This report presents for approval the revised budget for 2021/22 and the proposed revenue budget for 2022/23 in relation to the operational services directly overseen by your Committee.

The proposed budget for 2022/23 totals net expenditure of £58.536m, which is a decrease of £5.364m (8%) compared with the 2021/22 original budget of £63.900m.

The main decreases relate to:

- Fundamental review savings to be achieved in 2022/23 (£3.305m);
- Changes to the Cyclical Works Programme (£1.449m); and
- A decrease in capital charges (£0.667m).

The overall budget is summarised by Chief Officer in the following table.

Summary Revenue Budgets 2021/22 and 2022/23 - by Chief Officer	Original Budget 2021/22 £m	Latest Budget 2021/22 £m	Movement 2021/22 Original to 2021/22 Latest £'m	Proposed Budget 2022/23 £m	Movement 2021/22 Original to 2022/23 Original £'m
Local Risk					
The Chamberlain	(9.789)	(9.607)	0.182	(9.198)	0.591
The Deputy Town Clerk	(2.285)	(1.555)	0.730	(2.002)	0.283
The Chief Operating Officer	(11.407)	(11.988)	(0.581)	(9.304)	2.103
The City Surveyor	(12.662)	(13.213)	(0.551)	(11.302)	1.360
The Remembrancer	0.307	0.292	(0.015)	0.433	0.126
Total Local Risk	(35.836)	(36.071)	(0.235)	(31.373)	4.463
Central Risk					
The Chamberlain	(13.997)	(14.253)	(0.256)	(13.837)	0.160
The Deputy Town Clerk	(0.553)	(0.666)	(0.113)	(0.570)	(0.017)
The Chief Operating Officer	-	(0.166)	(0.166)	-	-
The City Surveyor	(4.846)	(5.904)	(1.058)	(5.285)	(0.439)
The Remembrancer	(0.186)	(0.186)	-	(0.186)	-
Director of Community & Children's Services	(0.059)	(0.059)	-	(0.059)	-
Total Central Risk	(19.641)	(21.234)	(1.593)	(19.937)	(0.296)
Capital and Support Services	(8.423)	(7.793)	0.630	(7.226)	1.197
Committee Total	(63.900)	(65.098)	(1.198)	(58.536)	5.346

Figures in brackets indicate expenditure, increases in expenditure or decreases in income.

Recommendations

Members are asked to:

- i) review and approve the proposed revenue budget for 2022/23;
- ii) authorise 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
- iii) note the approved capital and supplementary revenue budgets.

Main Report

Background

1. The variety and volume of services overseen by the Finance Committee contain a considerable amount of information and some complexity of presentation. This report endeavours to present the information as clearly as possible and additional financial details on items can be provided on request.
2. The Operational Services budgets cover expenditure and incomes attributable to the following areas;
 - i) **Chamberlain's Department** – the operational services including Cost of Collection (business rates and council tax), Chamberlain's Court, Chamberlain's 'General' (Financial Services, incorporating Insurance and City Revenues), Chamberlain's Business Support and Internal Audit.
 - ii) **The Deputy Town Clerk** – Shrieval Support, the maintenance and running expenses of Mansion House and Corporate Services (including catering for Committee lunches);
 - iii) **The Chief Operating Officer** – Commercial Department, IT and Chief Operating Officer Business Support;
 - iv) **The City Surveyor** – the Guildhall Complex, the Central Criminal Court, Walbrook Wharf and the Mayor's Court;
 - v) **The Remembrancer** – the letting of Guildhall areas for private functions and events and the cost of catering in respect of Committee Hospitality;
 - vi) **Director of Community Services** – operation of the Gresham Almshouses.
3. An overview of the services provided can be found at Appendix 1.

Proposed Revenue Budget for 2022/23

4. This report seeks approval to the proposed revenue budget for 2022/23 in relation to the operational services overseen by your Committee. The overall budget is summarised in Table 1 below, including detail on the movement between the original and latest budget for the current financial year, and the movement between the original 2021/22 and proposed budget for 2022/23. The proposed 2022/23 budget includes a 2% savings target based on the original 2021/22 net local risk budget as agreed by your Committee and the Court of Common Council; however this is offset by a 2% inflationary increase of the same amounts.
5. Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2021/22 and 2022/23. The separate bid for CWP works in 2022/23 has not been included in this report, as although approved by Corporate Asset Sub-Committee in November, this is still subject to approval from Finance Committee and Court in February and March 2022 respectively. Once both Sub-Committees have agreed the 2022/23 programme Members will be advised of the outcome and the estimates adjusted accordingly.

Table 1 - Budget Summary Movements 2021/22 to 2022/23	
	£m
Original Budget 2021/22	(63.900)
Allocations from Contingency	(1.081)
Carry forwards from 2020/21	(0.816)
Pension Strain	(0.646)
Fundamental Review savings	0.500
Pay award grades A-C	(0.083)
Apprentice Funding	(0.083)
Change in Cyclical Works Programme	0.157
Change in capital charges	0.677
Change in insurance premiums	0.179
Net other movements	0.001
Change in recharges	(0.064)
Latest Budget 2021/22	(65.098)
Fundamental Review savings to be achieved in 2022/23	2.805
Removal of one-off adjustments in 2021/22	1.462
Net movement in Cyclical Works Programme	1.292
Net movement in funding from contingency allocations	0.954
Increase in National Insurance contributions	(0.151)
Net movement in pay award to grade A-C and apprentice funding	(0.028)
Net movement in recharges and capital charges	0.567
Additional funding for E5 Microsoft Licences upgrade	(0.363)
Net other movements	0.24
Proposed budget 2022/23	(58.536)

6. The latest approved budget for 2021/22 totals net expenditure of £65.098m which is an increase of £1.198m (2%) compared with the original budget of £63.900m. The main reasons for this increase are:
- i) Allocations from contingency of £1.081m, including £0.482m for Guildhall Complex City Surveyor, £0.307m towards the Microsoft E5 licences upgrade, £166,000 funding towards the new Chief Officer posts and £126,000 from the Covid contingency towards IT costs including working from home arrangements.
 - ii) Underspends carried forward from 2020/21 to 2021/22 of £816,000 – consisting of £320,000 for the City Surveyor, £170,000 for Chamberlain's, £169,000 for IT, £99,000 for the Commercial Department and £58,000 for Mansion House.

iii) Pension Strain costs associated with flexible retirement of £646,000.

Partly offset by:

iv) A decrease in capital charges of £677,000 across Central Criminal Court and Walbrook Wharf due to the external valuers latest view of the assets lives.

v) £500,000 pump priming received in 2021/22 in relation to Fundamental Review savings to be achieved against the ERP capital programme, this amount is transferred to the ERP capital programme.

vi) A decrease in insurance premiums of £179,000 due to changes in the property portfolio and valuations. This amount will be apportioned to property holding departments.

7. The 2022/23 proposed budget totals £58.536m, a decrease of £6.562m (10%) compared with the latest budget for 2021/22. The main reasons for this decrease are:

i) Fundamental review savings of £2.805m to be achieved in 2022/23 across Chamberlains (£355,000), Commercial Department (£260,000), IT (£2.00m), Remembrancers (£160,000) and Cost of Collection (£30,000).

ii) One-off items of expenditure in 2021/22 amounting to £1.462m no longer being included in the budget for 2022/23. This consists of the £816,000 of underspends carried forward from 2020/21 to 2021/22 and the pension strain budgets of £646,000.

iii) A reduction in the amounts allocated from contingency of £954,000.

iv) A net reduction of £567,000 on support services and capital charges.

Partly offset by:

v) Additional funding of £363,000 for the upgrade to the E5 Microsoft Licences; and

vi) Additional funding of £151,000 to meet the increase in National Insurance contributions, rising from 13.8% to 15.1% from 2022/23.

vii) It should be noted re-prioritisation of central contingencies held under Chamberlains are being recommended to fund additional cost pressures, in 2022/23 onwards, to Finance Committee and Policy and Resource in February for approval. This also includes recommendations to increase central contingencies for items such as inflation and pay award.

viii) Any changes approved by this Committee, Policy and Resource with final approval from Court will be subject to change and will require delegated authority given to the Chamberlain to make the necessary adjustments.

8. An analysis of the movement by service from the latest budget for 2021/22 to the proposed budget for 2022/23 is included in Appendix 5 and this is the format that will be adopted in the budget book.

Potential Further Budget Adjustments

9. The provisional nature of the revenue budgets recognises that further revisions maybe required to realign funds for:
- i) Central and departmental support services apportionments; and
 - ii) Decisions of the Resource Allocation Sub Committee in relation to the Additional Works Programme.

Staffing Statement

10. A summary staffing statement is set out in the following table. Further detail is presented in Appendix 6.

A summary staffing statement for the Chamberlain department is set out in the following table. Further detail is presented in Appendix 5.

Finance Committee Operational Services staffing statement by Chief Officer	Latest Budget 2021-22		Proposed Budget 2022-23	
	Staffing Full-time equivalent	Estimated cost £m	Staffing Full-time equivalent	Estimated cost £m
Chamberlain	200.0	9.896	183.2	10.301
Deputy Town Clerk	5.0	0.236	5.0	0.238
Chief Operating Officer	88.7	5.517	80.0	5.067
Surveyor	155.5	7.865	155.1	7.885
Remembrancer	18.5	1.230	18.5	1.295
Community & Children's Services	0.7	0.032	0.7	0.032
TOTAL FINANCE COMMITTEE	468.4	24.776	442.5	24.818

Draft Capital and Supplementary Revenue Project budgets for 2022/23

11. The latest estimated costs of the Committee's approved capital and supplementary revenue projects total £63.112m, with a breakdown presented at Appendix 7.

Appendices

- Appendix 1 - Operational Service Overview.
- Appendix 2 - Finance Committee Operational Services 2021/22 and 2022/23 budget estimates summary

- Appendix 3 – Finance Committee Operational Services 2021/22 and 2022/23 Summary Budget – by Risk, Fund and Chief Officer
- Appendix 4 – Movement from 2021/22 Original Budget to 2022/23 Proposed Budget
- Appendix 5 – Movement from 2021/22 Latest Approved Budget to 2022/23 Original Budget
- Appendix 6 – Finance Committee Operational Services Staffing Statement
- Appendix 7 – Capital and Supplementary Revenue Project budgets

Contact:

Steven Reynolds

Group Accountant – Chamberlain’s Department

T: 07949126770

E: steven.reynolds@cityoflondon.gov.uk

Jenna Brassett

Senior Accountant – Chamberlain’s Department

T: 07793860640

E: jenna.brassett@cityoflondon.gov.uk

OPERATIONAL SERVICE OVERVIEW

Chamberlain

City Fund

Cost of Collection

The Cost of Collection reflects the expenditure incurred in the administration and collection of the Non-Domestic Rates and the Council Tax. As of 4 October 2014 this became a fully in-house service after the contract with Liberata (UK) Ltd expired.

City's Cash

Chamberlain's Court

The main duties of the Chamberlain's Court include assisting the Chamberlain to admit persons to the Freedom of the City; to help in the formation of new Livery Companies; and to maintain the Mansion House Plate Inventory.

Gresham - City Moiety

This includes the City's share of the income from the Royal Exchange, 89/91 Gresham Street and Gresham House annuity. It also shows the City's share of the expenses of running the Gresham Estate.

Gresham - Discretionary Expenditure

This principally consists of the grant to Gresham College, the non-mandatory elements of the Lecturer's fees and administrative costs.

Guildhall Administration

Within Guildhall Administration the Chamberlain's Department provides a wide range of financial services.

The department is organised into the Financial Services Division, Corporate Treasury, Shared Services Internal Audit and Business Support.

The work of the department (except for Cost of Collection and the Chamberlain's Court which are summarised in the notes above) are explained below.

Chamberlain's Department – General

The services provided by the **Financial Services Division**:

- revenue and capital budget preparation and financing
- budget monitoring and financial advice
- accounting and final accounts
- medium-and longer-term financial planning and technical analysis
- capital project appraisal
- business partnering
- support to corporate governance

- Oracle System Team

The services provided by **Corporate Treasury**:

- financial investment and cash management
- VAT/tax planning
- banking
- financial appraisal of organisations

The services provided by **Shared Services**:

- revenue collection
- accounts payable

Chamberlain's Department – Insurance

Part of the Corporate Treasury but included in a separate cost centre, the Insurance Section is responsible for undertaking risk assessments and securing the required insurance cover.

Strategic Aims

The strategic aims of the Chamberlain's Department are to:

- Build strong relationships and deliver outcomes that meet the needs of our internal customers across the Corporation, through close understanding of their priorities, their contribution to the Corporate Plan, and their responsibilities to their external customers.
- Proactively collaborate across the Corporation to bring coherence and alignment to Corporation planning, prioritisation and delivery.
- Support an environment in which Chief Officers are empowered to manage their finances effectively while being accountable for the outcomes they deliver.
- Drive systems and process improvements which will increase automation and self-service, creating space for more agile provision of timely insight and analysis in furtherance of fact-based decision-making.
- Build a progressive team capable of adapting to the ever-increasing pace of policy and organisational change. Operating as a true business partner, our people will understand the vital role they play in meeting the wider business goals and will be empowered in bringing colleagues along with them on this journey.
- Be agile, responsive and confident in delivering change, looking for continuous improvement; utilising diverse thinking and emotional intelligence; not just looking for efficiency but engaging proactively to support business growth with a proportionate approach to risk.
- Encourage leadership and talent and reach out to networks and strategic partners across London.
- Use our soft power in Chamberlain's Court to support wider corporate objectives.
- Firmly commit to the work of the Equality and Inclusion Board and uphold the E&I Action plan.

Chief Operating Officer

Guildhall Administration

Commercial Department

The Commercial Department is a key component in the transformation of how the City procures and pays for the goods and services it needs. The Commercial Department is responsible for the full requisition to pay cycle, and covers the functions of Category Management, Policy and Compliance, Sourcing, Procurement Operations and key Supplier Performance monitoring.

IT

The role of the IT Division, reporting into the Chief Operating Officer is now to provide:-

- stable and secure digital and information infrastructure and solutions; and
- innovative digital and information solutions.

The IT Division provides services to the Corporation, City of London Police and London Councils.

IT do this through a multi-sourcing model making the best use of internal resources where this is strategically necessary and third party suppliers for agility or specialist capability.

The IT team manage multi-million pound non-staff revenue and capital budgets which are tightly managed with a strong focus on value for money in the provision of customer focussed digital and information solutions and services.

It is expected that the name of the team will change from 1st April to Digital, Information and Technology Services to reflect the wider digital remit that the division now has responsibility for delivering for the organisation.

Chief Operating Officer – Business Support

This budget contains the business support costs of the Chief Operating Officer.

Deputy Town Clerk

City's Cash

Shrieval Support

This budget contains the salaries and office expenses of the Shrieval Support at the Central Criminal Court.

Mansion House Premises

This budget includes the maintenance and running expenses of the Mansion House which is a Grade 1 Listed Building incorporating working offices, function rooms,

Mayoral accommodation and staff accommodation. The budget is used for the fabric of the building both internal and external.

Corporate Services – This includes:

- the cost of catering in respect of Committee lunches;
- the Sheriff's election allowances;
- the cost of Shrieval mementos; and
- a proportion of ward and election expenses.

City Surveyor

City Fund

Central Criminal Court

The City provides the premises of the Central Criminal Court for the Court Service of the Lord Chancellor's Department and accommodates not only the eighteen courts, but also offices for the List Office for the SE of England, the City of London Police, HM Prison Services, Serco Prisoner Handling Services, Crown Prosecution Service, Probation Service, Treasury Council and the Crown Court Witness Service.

The eighteen Courts are made ready for use on Monday to Friday and also may be required to sit on public holidays and weekends.

The City is responsible for the care of the building and the provision of its facilities which includes the maintenance of the fabric of the Central Criminal Court, its furnishings, fittings and all of the mechanical and electrical equipment, the daily cleaning of the building and the provision of security services.

A proportion of the employee costs and 95% of other running costs are reimbursed by the Lord Chancellor's Department.

Walbrook Wharf

This budget relates to the operational management of Walbrook Wharf including repairing, maintaining and renewing the building and services.

Mayors and City of London Court

The provision of the present court, which is an amalgamation of the Mayor's Court and the City of London Court, is covered by the Courts Act 1971. The City Surveyor is responsible for repairing and maintaining the building and its services for use as a court. This is achieved through a combination of direct ordering, and supervision and management of contractors. Occupational issues are dealt with in consultation with the Court Service.

City's Cash

Central Criminal Court

This consists of the salaries, pensions and national insurance contributions for the posts of City Recorder and Common Serjeant.

Guildhall Complex

The Guildhall Manager has overall responsibility for security, facilities and contracted services at the Guildhall complex and is responsible for operating, repairing, maintaining and renewing buildings and services throughout the Guildhall complex. This is achieved through a combination of direct operations, and supervision and management of contractors. The emphasis is on value for money, quality and safety, with precise arrangements being regularly reviewed and refined to optimise performance. Capital projects are undertaken for significant Guildhall complex improvements

Remembrancer

City's Cash

Corporate Services

This includes the cost of catering in respect of Committee Hospitality Allowances. The purpose is to enable Committees, by means of hospitality, to establish and maintain contact with leading outside organisations that have been or could be of assistance to the City of London Corporation in its work, and to pay tribute to the past Chairman. These estimates also include expenditure relating to fees for parliamentary work.

Guildhall Complex

This contains the expenditure and income relating to the letting of Guildhall function areas for private events such as banquets, receptions or conferences. The areas available for hire currently are the Great Hall (subject to the concurrence of the Common Council), the Old Library, the Livery Hall, the Crypts, the Print Room, the Chief Commoners Parlour, Guildhall Art Gallery, the Basinghall Suite and occasionally, Guildhall Yard.

As the Guildhall is a Grade 1 Listed Building, use is limited and subject to strict terms and conditions. Permission to hire is granted following Officer recommendation and Member approval. Applications are considered directly by the Policy and Resources Committee for the hire of the Great Hall and by the Chief Commoner and Deputy Chairman for other areas. The Guildhall complex hosts approximately 300 private events per annum (pre-Covid) and charges are reviewed annually by committee.

Director of Community and Children's Services

City's Cash

Gresham - Mandatory Expenses

This service is part of the Gresham Estates and shows the cost of maintaining the Almshouses and paying the Almsfolk allowances, together with the mandatory element of the City of London Corporation's four Lecturers' fees (£400).

Finance Committee Operational Services Summary Budget

This appendix shows a high-level summary of Finance Committee operational services budgets. Further details are shown in Appendices 3 to 5.

Summary Revenue Budgets 2021/22 and 2022/23 - by Chief Officer	Original Budget 2021-22 £m	Latest Budget 2021-22 £m	Proposed Budget 2022-23 £m
Local Risk			
The Chamberlain	(9.542)	(9.360)	(8.951)
The Deputy Town Clerk	(2.285)	(1.555)	(2.002)
The Chief Operating Officer	(11.407)	(11.988)	(9.304)
The City Surveyor	(12.662)	(13.213)	(11.302)
The Remembrancer	0.307	0.292	0.433
Total Local Risk	(35.589)	(35.824)	(31.126)
Central Risk			
The Chamberlain	(14.244)	(14.500)	(14.084)
The Deputy Town Clerk	(0.553)	(0.666)	(0.570)
The Chief Operating Officer	-	(0.166)	-
The City Surveyor	(4.846)	(5.904)	(5.285)
The Remembrancer	(0.186)	(0.186)	(0.186)
Director of Community and Children's Services	(0.059)	(0.059)	(0.059)
Total Central Risk	(19.888)	(21.481)	(20.184)
Capital and Support Services	(8.423)	(7.793)	(7.226)
Committee Total	(63.900)	(65.098)	(58.536)

Appendix 3

Finance Committee Operational Services

SUMMARY BY RISK				
Analysis of Service Expenditure by Risk	Original Budget 2021-22 £m	Latest Approved Budget 2021-22 £m	Proposed Budget 2022-23 £m	Movement 2021-22 ORI to 2022-23 ORI £m
LOCAL RISK <i>(budgets largely within direct control of Chief Officer)</i>				
EXPENDITURE				
Employees	(25.750)	(23.994)	(24.036)	1.714
Premises Related Expenses (note i)	(6.352)	(6.361)	(6.181)	0.171
Transport Related Expenses	(0.042)	(0.042)	(0.042)	-
Supplies & Services (note ii)	(8.513)	(9.282)	(8.057)	0.456
Third Pay Payments	(0.001)	(0.001)	(0.001)	-
Savings to be Applied	2.283	0.723	1.505	(0.778)
Total Expenditure	(38.375)	(38.957)	(36.812)	1.563
INCOME				
Grants, Reimbursements & Contributions (note iii)	4.435	4.632	5.507	1.072
Customer, Client Receipts (note iv)	3.504	3.497	3.883	0.379
Total Income	7.939	8.129	9.397	1.451
TOTAL LOCAL RISK (excl. R&M City Surveyor)	(30.436)	(30.828)	(27.422)	3.014
Repairs & Maintenance (City Surveyor)	(5.153)	(4.996)	(3.704)	1.449
TOTAL LOCAL RISK	(35.589)	(35.824)	(31.126)	4.463
CENTRAL RISK <i>(managed by Chief Officer but outturn can be strongly influenced by factors outside his/her control or are budgets of a corporate nature)</i>				
EXPENDITURE				
Employees	(0.780)	(1.428)	(0.782)	(0.002)
Premises Related Expenses (note v)	(22.441)	(22.353)	(22.435)	0.006
Transport Related Expenses (note vi)	(0.111)	(0.111)	(0.111)	-
Supplies & Services (note vii)	(3.025)	(3.940)	(3.208)	(0.183)
Council Tax Reduction Scheme	(0.320)	(0.337)	(0.337)	(0.017)
Contingency	(0.010)	(0.010)	(0.010)	-
Transfer Payments	(0.009)	(0.009)	(0.009)	-
Savings to be applied	-	-	-	-
Total Expenditure	(26.696)	(28.188)	(26.892)	(0.196)
INCOME				
Government Grants - Collection of NNDR	1.729	1.729	1.729	-
Other Grants, Reimbursements & Contributions (note viii)	1.924	1.924	1.924	-
Customer, Client Receipts (note ix)	3.155	3.054	3.055	(0.100)
Total Income	6.808	6.707	6.708	(0.100)
TOTAL CENTRAL RISK	(19.888)	(21.481)	(20.184)	(0.296)
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES	(55.477)	(57.305)	(51.310)	4.167
CONTINUED ON NEXT PAGE				

Analysis of Service Expenditure by Risk	Original Budget 2021-22 £m	Latest Approved Budget 2021-22 £m	Proposed Budget 2022-23 £m	Movement 2021-22 ORI to 2022-23 ORI £m
CONTINUED FROM PREVIOUS PAGE				
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(5.604)	(5.530)	(5.110)	0.494
Capital Charges	(4.439)	(3.745)	(3.755)	0.684
Recharges Within Fund	1.981	1.844	2.001	0.020
Recharges Across Funds	(0.361)	(0.362)	(0.362)	(0.001)
Total Support Services and Capital Charges	(8.423)	(7.793)	(7.226)	1.197
TOTAL NET EXPENDITURE	(63.900)	(65.098)	(58.536)	5.364

ANALYSIS BY FUND				
City Fund	(7.634)	(7.490)	(6.593)	1.041
City's Cash	(4.581)	(3.972)	(4.356)	0.225
Guildhall Administration	(51.685)	(53.636)	(47.587)	4.098
TOTAL NET EXPENDITURE	(63.900)	(65.098)	(58.536)	5.364

ANALYSIS BY CHIEF OFFICER				
The Chamberlain	(25.524)	(25.621)	(24.594)	0.930
The Deputy Town Clerk	(3.108)	(2.494)	(2.839)	0.269
The Chief Operating Officer	(12.276)	(12.997)	(10.090)	2.186
The City Surveyor	(22.993)	(23.990)	(21.174)	1.819
The Remembrancer	0.061	0.065	0.222	0.161
Director of Community & Children's Services	(0.060)	(0.061)	(0.061)	(0.001)
TOTAL NET EXPENDITURE	(63.900)	(65.098)	(58.536)	5.364

* Appendix 5 includes total employee expenditure on local and central risk.

Notes

- (i) Premises Related Expenses (local risk) – operational costs of Central Criminal Court, Walbrook Wharf, Guildhall Complex, Mansion House and Mayor's Court.
- (ii) Supplies and Services (local risk) – equipment, furniture, materials, printing, professional fees, grants, subscriptions, communications and computing.
- (iii) Grants, Reimbursements and Contributions – primarily funding for the Central Criminal Court and the Mayor's Court from Her Majesty's Courts and Tribunals Service.
- (iv) Customer, Client Receipts (local risk) – letting of Guildhall function areas, recovery of court costs, services to London Councils, Chamberlain's Court merchandising, and other fees and charges.
- (v) Premises Related Expenses (central risk) – primarily premises insurance premiums together with the cost of national nondomestic rates for the Guildhall Complex and Central Criminal Court.
- (vi) Transport Related Expenses (central risk) – vehicle insurance.
- (vii) Supplies and Services (central risk) – primarily insurances other than premises and transport.
- (viii) Other Grants, Reimbursements and Contributions (central risk) – funding for the Central Criminal Court from Her Majesty's Courts and Tribunals Service.
- (ix) Customer, Client Receipts (central risk) – income received from the letting of Guildhall function areas, insurance commission, dividend income from the City's Reinsurance Captive Company and Gresham Estate income.

Appendix 4

Finance Committee Operational Services Movement from 2021/22 Original Budget to 2022/23 Proposed Budget

Analysis by Chief Officer and Division of Service - all risks	Original Budget 2021-22 £m	Movement (Original 2021-22 to Proposed 2022-23) £m	Proposed Budget 2022-23 £m	Notes
By Chief Officer				
The Chamberlain	(25.524)	0.930	(24.594)	
The Deputy Town Clerk	(3.108)	0.269	(2.839)	
The Chief Operating Officer	(12.276)	2.186	(10.090)	
The City Surveyor	(22.993)	1.819	(21.174)	
The Remembrancer	0.061	0.161	0.222	
Director of Community & Children's Services	(0.060)	(0.001)	(0.061)	
Chief Officer Totals	(63.900)	5.364	(58.536)	
By Division of Service				
<u>The Chamberlain</u>				
Chamberlain's - General	(22.238)	0.699	(21.539)	i
Chamberlain's - Internal Audit	(0.696)	(0.034)	(0.730)	
Chamberlain's - Business Support	(1.631)	0.375	(1.256)	ii
Chamberlain's Court	(0.166)	-	(0.166)	
Cost of Collection	(0.358)	(0.067)	(0.425)	
Gresham	(0.435)	(0.043)	(0.478)	
<u>The Deputy Town Clerk</u>				
Shrieval Support	(0.288)	0.002	(0.286)	
Mansion House Premises	(2.365)	0.267	(2.098)	iii
Corporate Services	(0.455)	-	(0.455)	
<u>The Chief Operating Officer</u>				
Commercial Department	(2.761)	0.972	(1.789)	iv
IT Department	(9.515)	1.495	(8.020)	v
Chief Operating Officer – Business Support	-	(0.281)	(0.281)	vi
<u>The City Surveyor</u>				
Central Criminal Court	(6.772)	0.735	(6.037)	vii
Mayor's Court	(0.049)	0.004	(0.045)	
Walbrook Wharf	(0.940)	0.369	(0.571)	viii
Guildhall Complex - City Surveyor	(15.232)	0.711	(14.521)	ix
CONTINUED ON NEXT PAGE				

<u>The Remembrancer</u>				
Guildhall Complex - Remembrancer	0.388	0.161	0.549	x
Corporate Services - Remembrancer	(0.327)	-	(0.327)	
<u>Director of Community & Children's Services</u>				
Gresham	(0.060)	(0.001)	(0.061)	
Division of Service Totals	(63.900)	5.364	(58.536)	

Overall, the proposed 2022/23 net revenue budget totals £58.536m, a decrease of £5.364m (8%) compared with the original budget of £63.900m for 2021/22. The main variations within this decrease are:

- i. **Chamberlain's General £0.699m decrease in net expenditure** – largely due to Fundamental Review savings of which pump priming received in 2021/22 transferred to the ERP capital programme of £0.500m and further savings of £0.355m to be achieved in 2022/23, the transfer of £0.414m to Establishment Committee of the Employment Services (payroll) function, and a reduction in premises insurance premiums of £0.203m, partly offset by the transfer in of £0.715m for the Accounts Payable function from the Commercial Department.
- ii. **Chamberlain's Business Support £0.375 decrease in net expenditure** – due to the transfer of £0.069m for the Responsible Procurement Manager post to the Commercial Department, the transfer of £0.042m for the Personal Assistant post to Chief Operating Officer Business Support and a reduction in IT support services of £0.280m.
- iii. **Mansion House Premises £0.267m decrease in net expenditure** – largely due to the decrease in the cyclical work programme of £0.254m as no new bids are included in 2022/23.
- iv. **Commercial Department £0.972m decrease in net expenditure** – largely due to the £0.715m transfer of the Accounts Payable function to Chamberlain's Shared Services and £0.260m Fundamental Review savings to be achieved in 2022/23; partly offset by the transfer in of £0.069m for the Responsible Procurement Manager post from Chamberlain's Business Support.
- v. **IT Department £1.495m decrease in net expenditure** – largely due to Fundamental Review savings of £2.0m to be achieved in 2022/23 and the transfer of £0.116m for two GIS posts to Built Environment, partly offset by additional budget allocations of £0.563m for the upgrade to E5 Microsoft Licences.
- vi. **Chief Operating Officer – Business Support £0.281m increase in net expenditure** – to accommodate the new function under the Chief Operating Officer, including Business Support.

- vii. **Central Criminal Court £0.735m decrease in net expenditure** – largely due to a decrease in capital charges of £0.529m due to the external valuers latest review of the assets lives, an increase in the amount chargeable to Her Majesty's Court and Tribunal Service of £0.145m reflecting the amount of expenditure that is able to be recharged, and a reduction in City Surveyor's repairs and maintenance of £0.118m.
- viii. **Walbrook Wharf £0.369m decrease in net expenditure** – largely due to £0.350m reduction in the cyclical works programme as works are anticipated to be finished in 2021/22 and there are no new works planned for 2022/23, a decrease in capital charges of £0.160m due to the external valuers latest review of the assets lives, partly offset by a decrease of £0.141m in the recharge received from Walbrook Wharf Depot held within Port Health Committee.
- ix. **Guildhall Complex City Surveyor £0.711m decrease in net expenditure** – due to a reduction of £0.690m in the cyclical works programme as no new bids are included in 2022/23, a reduction of £0.185m following the Public Sector Decarbonisation Scheme (PSDS), an increase of £0.161m in the recharge from the Remembrancer's Department and a decrease in central recharges of £0.127m, partly offset by an increase of £0.302m for rates due to the increase in rateable charge for the complex and an increase of £0.137m for consolidated delivery costs, where deliveries for the Guildhall will go to a centralised point outside of London and will be delivered in one vehicle. It should be noted that due to the substantial increase in energy prices over the last few months the PSDS savings may not be achieved. There is proposal for a central contingency budget in 2022/23 which may be called upon for exceptional inflationary pressures such as this.
- x. **Guildhall Complex Remembrancer £0.161m increase in net income** – due to the removal of £0.160m invest to save funding received in 2021/22.

Appendix 5

Finance Committee Operational Services Movement from 2021/22 Original Budget to 2021/22 Latest Budget

Analysis by Chief Officer and Division of Service - all risks	Original Budget 2021-22 £m	Movement (Original 2021-22 to Latest 2021-22) £m	Latest Budget 2021-22 £m	Notes
By Chief Officer				
The Chamberlain	(25.524)	(0.097)	(25.621)	
The Deputy Town Clerk	(3.108)	0.614	(2.494)	
The Chief Operating Officer	(12.276)	(0.721)	(12.997)	
The City Surveyor	(22.993)	(0.997)	(23.990)	
The Remembrancer	0.061	0.004	0.065	
Director of Community & Children's Services	(0.060)	(0.001)	(0.061)	
Chief Officer Totals	(63.900)	(1.198)	(65.098)	
By Division of Service				
<u>The Chamberlain</u>				
Chamberlain's - General	(22.238)	0.077	(22.161)	i
Chamberlain's - Internal Audit	(0.696)	(0.116)	(0.812)	ii
Chamberlain's - Business Support	(1.631)	0.198	(1.433)	iii
Chamberlain's Court	(0.166)	(0.008)	(0.174)	
Cost of Collection	(0.358)	(0.252)	(0.610)	iv
Gresham	(0.435)	0.004	(0.431)	
<u>The Deputy Town Clerk</u>				
Shrieval Support	(0.288)	(0.039)	(0.327)	
Mansion House Premises	(2.365)	0.653	(1.712)	v
Corporate Services	(0.455)	-	(0.455)	
<u>The Chief Operating Officer</u>				
Commercial Department	(2.761)	0.526	(2.235)	vi
IT	(9.515)	(1.026)	(10.541)	vii
Chief Operating Officer – Business Support	-	(0.221)	(0.221)	viii
<u>The City Surveyor</u>				
Central Criminal Court	(6.772)	0.464	(6.308)	ix
Mayor's Court	(0.049)	(0.080)	(0.129)	
Walbrook Wharf	(0.940)	0.012	(0.928)	
Guildhall Complex - City Surveyor	(15.232)	(1.393)	(16.625)	x
CONTINUED ON NEXT PAGE				

<u>The Remembrancer</u>				
Guildhall Complex - Remembrancer	0.388	0.004	0.392	
Corporate Services - Remembrancer	(0.327)	-	(0.327)	
<u>Director of Community & Children's Services</u>				
Gresham	(0.060)	(0.001)	(0.061)	
Division of Service Totals	(63.900)	(1.198)	(65.098)	

Figures in brackets indicate expenditure, increase in expenditure or decreases in income.

- i. **Chamberlain's General £0.077m decrease in net expenditure** – largely due to the transfer of Fundamental Review pump priming of £0.500m to the ERP capital programme, the transfer of £0.414m to Establishment Committee of the Employment Services (payroll) function, and a reduction in premises insurance premiums of £0.179m; partly offset by the transfer in of £0.715m for the Accounts Payable function from the Commercial Department, £0.170m carry forward from 2020/21 for the PARIS system replacement and a budget allocation of £0.089m to meet Pension Strain costs.
- ii. **Chamberlain's Internal Audit £0.116m increase in net expenditure** – due to a budget allocation of £0.080m to meet Pension Strain costs and an increase in central recharges of £0.036m.
- iii. **Chamberlain's Business Support £0.198m decrease in net expenditure** – due to the transfer of £0.069m for the Responsible Procurement Manager post to the Commercial Department, the transfer of £0.042m for the Personal Assistant post to Chief Operating Officer Business Support and a reduction in IT support services of £0.184m.
- iv. **Chamberlain's Cost of Collection £0.252m increase in net expenditure** – due to a budget allocation of £0.100m to meet Pension Strain costs and an increase in central recharges of £0.147m.
- v. **Mansion House Premises £0.653m decrease in net expenditure** – largely relates to a reduction of £0.699m in repairs and maintenance budgets arising from rephasing of the cyclical works programme, partly offset by a carry forward from 2020/21 of £0.058m.
- vi. **Commercial Department £0.526m decrease in net expenditure** – largely due to the transfer of £0.715m for the Accounts Payable function to Chamberlain's Shared Services, partly offset by carry forwards from 2020/21 of £0.099m and the transfer of £0.069m for the Responsible Procurement Manager post from Chamberlain's Business Support.
- vii. **IT £1.026m increase in net expenditure** – mainly due to £0.808m additional budget allocations for the implementation and upgrade to E5 Microsoft Licences, approved carry forwards from 2020/21 of £0.169m and, £0.126m

allocation from Covid contingencies to facilitate home working, partly offset by £0.116m being the transfer of two GIS posts to the Built Environment.

- viii. **Chief Operating Officer Business Support £0.221m increase in net expenditure** –to accommodate the new function under the Chief Operating Officer, including Business Support.
- ix. **Central Criminal Court £0.464m decrease in net expenditure** – mainly due to a decrease in capital charges of £0.534m, partly offset by an increase of £0.114m in the cyclical works programme due to rephasing of projects.
- x. **Guildhall Complex City Surveyor £1.393m increase in net expenditure** - mainly relates to allocations of £0.482m from Finance Committee contingencies, £0.281m to meet Pension Strain costs, approved carry forwards from 2020/21 of £0.295m and an increase in cyclical works programme budgets of £0.376m due to additional projects being undertaken in 2021/22.

**Finance Committee Operational Services
Staffing Statement by Chief Officer**

Finance Committee Operational Services staffing statement by Chief Officer	Latest Budget 2021-22		Proposed Budget 2022-23	
	Staffing Full-time equivalent	Estimated cost* £m	Staffing Full-time equivalent	Estimated cost £m
Chamberlain	200.0	9.896	183.2	10.301
Deputy Town Clerk	5.0	0.236	5.0	0.238
Chief Operating Officer	88.7	5.517	80.0	5.067
City Surveyor	155.5	7.865	155.1	7.885
Remembrancer	18.5	1.230	18.5	1.295
Community & Children's Services	0.7	0.032	0.7	0.032
Total	468.4	24.776	442.5	24.818

* The 2021/22 latest budget estimated cost excludes centrally funded Pension Strain costs of £646,000.

Staffing Statement	Latest Budget 2021-22		Proposed Budget 2022-23	
	Staffing Full-time equivalent	Estimated cost £m	Staffing Full-time equivalent	Estimated cost £m
Cost of Collection	27.8	1.282	27.8	1.553
Chamberlain's Court	4.4	0.202	4.4	0.219
Chamberlain's - General	152.0	7.264	137.0	7.322
Chamberlain's - Business Support	6.0	0.519	5.0	0.561
Chamberlain's - Internal Audit	9.8	0.629	9.0	0.646
Total Chamberlain	200.0	9.896	183.2	10.301
Shrieval Support	5.0	0.236	5.0	0.238
Total Deputy Town Clerk	5.0	0.236	5.0	0.238
Commercial Department	34.9	1.800	25.0	1.764
IT (1)	51.8	3.496	53.0	3.022
Chief Operating Officer – Business Support	2.0	0.221	2.0	0.281
Total Chief Operating Officer	88.7	5.517	80.0	5.067
Central Criminal Court (local risk)	92.5	3.733	93.1	3.737
Central Criminal Court - Judges' Pensions (central risk)	-	0.195	-	0.195
Central Criminal Court - Common Serjeant and Recorder (central risk)	2.0	0.485	2.0	0.485
Walbrook Wharf	1.0	0.061	1.0	0.064
Guildhall Complex	60.0	3.391	59.0	3.404
Total City Surveyor	155.5	7.865	155.1	7.885
Corporate Services (Parliamentary)	1.0	0.070	1.0	0.070
Guildhall Complex (local risk) (Administration & Attendants)	17.5	0.753	17.5	0.817
Guildhall Complex (local risk) (Event related)	-	0.407	-	0.408
Total Remembrancer	18.5	1.230	18.5	1.295
Gresham	0.7	0.032	0.7	0.032
Total Community & Children's Services (central risk)	0.7	0.032	0.7	0.032
Grand Total	468.4	24.776	442.5	24.818

(1) The IT employee budget and FTE for 2022/23 shows the proposed 'Option 2' structure that was approved by this Committee on 7 December 2022, which includes the costs for 11 posts which can be cross charged to various capital projects. The agreed structure also included 4 additional posts and 2 apprentices which required additional funding above the resource base. As this funding is still to be approved by, Finance Committee, Policy and Resources Committee and Court of Common Council, these posts are not included in the figures above.

Draft Capital and Supplementary Revenue Budgets

The latest estimated costs of the Committee's current approved capital and supplementary revenue projects are summarised in the Tables below which exclude Bridge House Estates (BHE).

CITY FUND							
	Project	Exp. Pre 01/04/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Later Years £'000	Total £'000
Recharge	<u>Recharges between Funds</u>						
	Corporate Capital Projects (City Fund share)	-	1,681	32	32	-	1,745
	<u>Pre-Implementation</u>						
Guildhall Complex schemes:	Walbrook Wharf Roof Replacement	48	8	77	-	-	133
	Walbrook Wharf Electrical Upgrade & New Vehicle Charging Points	128	673	194	-	-	995
Central Criminal Court	CCC - External & Internal Fabric Repairs	12	12	632	-	-	656
Other Scheme	Energy Reduction Programme	-	19	-	-	-	19
	<u>Authority to start work</u>						
Guildhall Complex scheme:	Walbrook Wharf Depot - Mechanical & Electrical	52	75	81	-	-	208
Central Criminal Court:	CCC - East Wing Mezzanine Cooling & Heating Replacement	55	992	319	-	-	1,366
	CCC - Fire Alarm Replacement & PAS	884	214	-	-	-	1,098
	CCC - Fire Doors	56	9	-	-	-	65
	CCC - Plant Replacement	27,852	2,091	4,236	791	-	34,970
Security Schemes:	CCC Security - Bomb Blast Mitigation	208	17	-	-	-	225
	CCC Security - Hostile vehicle Mitigation	548	75	-	-	-	623
Other Scheme	Transition to Zero Emission Fleet	203	12	-	-	-	215
IT Scheme	Oracle Property Manager (OPN) Replacement - City Fund Share	27	478	-	-	-	505
TOTAL CITY FUND		30,073	6,356	5,571	823	-	42,823

CITY'S CASH							
	Project	Exp. Pre 01/04/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Later Years £'000	Total £'000
	<u>Recharges between Funds</u>						
Recharge	Corporate Capital Projects (City Fund and BHE contributions)	-	1,847	36	36	-	1,919
	<u>Pre-Implementation</u>						
Guildhall Complex schemes:	Guildhall Cooling Plant replacement	17	131	26	-	-	174
	Guildhall Event Spaces Audio and Visual Replacement	-	49	-	-	-	49
	Guildhall Great Hall Internal Stonework Health and Safety	-	158	-	-	-	158
	Guildhall Installation of Public Address & Voice Alarm System & Door Locking System	61	42	-	-	-	103
	Guildhall Steam Plant Replacement	2	1	104	-	-	107
	Guildhall Yard - Refurbishment/Replacement of Pavements	-	-	23	-	-	23
IT Schemes:	Software Defined Wide Area Network Upgrade	-	31	19	-	-	50
	HR, Payroll, Finance, ERP	-	554	-	-	-	554
Other Schemes:	Energy Reduction Programme	9	14	8	-	-	31
	Magistrates Court External Repair Work	16	9	-	-	-	25
	<u>Authority to start work</u>						
Guildhall Complex Schemes:	Accommodation & Ways of Working	799	28	-	-	-	827
	Guildhall North Wing Barriers	32	65	-	-	-	97
PSDS Guildhall Schemes	Guildhall cooling, lighting, metering & Ventilation		3,895	-	-	-	3,895
Security Schemes:	Guildhall Security - Bomb Blast Mitigation	329	29	-	-	-	358
	Guildhall Security CCTV & Intruder Alarms	1,790	112	-	-	-	1,902
	Guildhall Security Hostile Vehicle Mitigation	1,352	1,465	-	-	-	2,817
IT Schemes:	CoL IT Transformation PH2 - IT Service 2020 Contract	1,113	242	-	-	-	1,355
	Computer Equipment Rooms (CER) Uninterrupted Power supplies (UPS) Upgrades	-	48	-	-	-	48
	Local Area Network (LAN) Refresh - CoL	2,681	9	-	-	-	2,690
	Oracle Property Manager (OPN) Replacement - City's Cash share	27	421	20	-	-	468
	Personal Device Replacement		2,150	50	50		2,250
	Security Assurance Testing	157	-	308	-	-	465
	Wide Area Network (WAN)	3,174	129	-	-	-	3,303
Other Schemes:	BEMS Upgrade Project - CPG Estate - Phase 1	-	349	-	-	-	349
	Citigen Energy Network Feasibility	58	52	-	-	-	110
TOTAL CITY'S CASH		11,617	8,136	522	14	-	20,289
TOTAL FINANCE COMMITTEE		41,690	14,492	6,093	837	-	63,112

Notes

1. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. These figures exclude the implementation costs of those schemes which have yet to receive authority to start work.
2. There are a significant number of schemes in flight which have received authority to start work - mainly relating to the Central Criminal Court, the Guildhall Complex and IT.
3. Recharges between funds reflect contributions from City Fund and Bridge House Estates towards the cost of corporate Guildhall Complex and IT schemes which are initially borne by City's Cash.
4. The Guildhall Public Sector Decarbonisation Scheme (PSDS) under this committee are funded from a total £9.4m government grant to the City of London.
5. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2022.

This page is intentionally left blank

Committee(s): Projects Sub Committee – <i>for decision</i> Procurement Sub Committee – <i>for decision</i> Establishment Committee – <i>for decision</i> Finance Committee – <i>for decision</i>	Dated: 15 December 2021 18 January 2022 19 January 2022 25 January 2022
Subject: CLS Pilot extension: Procurement & Projects	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 5, 6, 7, 8, 9, 10, 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£-
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: TOM Programme Director	For Decision
Report author: Emma Cunningham (TOM Programme Team), Darran Reid (Procurement) & Pete Collinson (City Surveyors)	

Summary

As part of the Target Operating Model (TOM) and to help identify opportunities to reengineer processes and ways of working across the whole organisation, officers have been carrying out a pilot within the City of London School with the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity.

Originally, the pilot's proposals concerning procurement and the projects process for the annual maintenance programme were due to be evaluated in Spring 2021. The evaluation would focus on the effect it had had on the School, looking at evidence to see if the changes in process and delegation created value (cost, efficiency, etc) for both the School and the Procurement team and City Surveyors. However, Members made clear at the Establishment Committee meeting in October 2021 that they wanted the proposals to be extended to other appropriate departments and institutions much more quickly as it is anticipated that these changes would create value, and it also gives an opportunity to test these changes to ways of working in other contexts.

Therefore, this paper proposes that the pilot proposals concerning streamlined processes relating to procurement and the projects gateway be extended to all relevant departments and institutions. Members already agreed that pilot proposals concerning HR processes be extended to all relevant departments and institutions at the Establishment Committee in October 2021.

Recommendations

Members of the Establishment Committee are asked to:

- Note the success of the City of London School pilot to date in improving ways of working and the relationship with an institution (i.e. the City of London School) with the corporate centre.
- Note that the Establishment Committee have already agreed to the extension of the pilot with regards to the HR proposals.
- Agree that the pilot be extended in terms of changes in delegations for Procurement and Projects (as detailed below) to other institutions and departments of the City of London Corporation, where applicable, until July 2022 with an evaluation report in September 2022.

Members of the Finance Committee are asked to:

- Agree that the following pilot proposals be extended to the City of London School for Girls and the City of London Freemen's School:-
 - 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.
 - 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.

Members of the Projects Sub Committee are asked to:

- Agree that the following pilot proposals be extended to all departments and institutions within the City of London Corporation family:-
 - The delegation in relation to development, refurbishment and revenue programme schemes be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process.
 - Chief Officers, in consultation with the City Surveyor, approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme.

Main Report

Background

1. The Target Operating Model (TOM) provides an opportunity for the City of London Corporation to update and simplify, to enable us to be radical, more agile and proactive to withstand both internal and external challenges. Whilst the TOM is intended to revise the organisational structure and deliver significant financial

savings to achieve a balanced Medium-Term Financial Plan, it also creates an opportunity to look at how all departments and institutions can benefit from working closely together and staying connected so that – as a whole - we can be greater than the sum of our parts. To help identify opportunities to reengineer processes and ways of working across the whole organisation, officers have been carrying out a pilot within the City of London School with the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity.

2. At the Establishment Committee meeting on 15 October 2021, Members agreed that the HR delegations in the pilot be extended out to all City of London Corporation departments and institutions in November 2021 until the end of July 2022. The specific proposals were related to:
 - a. starting point for external appointments
 - b. the starting point for internal acting ups into higher level positions;
 - c. incremental progression - additional awards where there is a justified business case, e.g. as a recognition of examination success related to the post and agreed as a development requirement;
 - d. honoraria payments up to the value of £2,500
 - e. a temporary amendment to the delegations of the MFS Board to approve all requests for honoraria payments between £2,500 and £7,500 regardless of grade
 - f. all requests for honoraria payments proposed by Chief Officers over £7,500 to be considered by the MFS Board and recommended to Establishment Committee for its agreement.

A report will be submitted to the Establishment Committee with a full evaluation of these proposals and any resulting recommendations in September 2022.

3. Whilst originally, the pilot's proposals concerning procurement and projects process for the annual maintenance programme were due to be evaluated in Spring 2021 on the effect it had had on the School, looking at evidence that the changes in process and delegation created value for both the School and the Procurement team and City Surveyors, Members made clear at the Establishment Committee meeting in October 2021, that they wanted the proposals to be extended to other appropriate departments and institutions much more quickly.
4. Therefore, this paper is now before Members to decide whether they wish to extend the pilot proposals relating to these two areas to all relevant departments and institutions. Specifically, the proposals relating to Procurement and City Surveyors are as follows:-

Annual maintenance programme

- the delegation in relation to development, refurbishment and revenue programme schemes, being funded by the City of London School's ring-fenced maintenance budget, be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process.
- the Head of the City of London School in consultation with the City Surveyor to approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme, where funding is from the School's ring fenced repairs and maintenance fund.

Procurement

- the authority to run non-works procurements up to £189,330 be devolved to the City of London School with the option of drawing on the central procurement team to advise and provide support to the procurement process where necessary;
- Non-works procurements up to £300k, may also have more freedom over procurement strategy and options, depending on applicability of UK procurement regulation. Agreement on process and lead will be made between City Procurement and the School.

Current Position

5. At time of writing, there is no hard evidence that the City of London School pilot proposals relating to procurement and the annual maintenance programme, have had a positive or negative effect on the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity.

Annual Maintenance Programme

6. The annual maintenance programme for the City of London School for Boys is in its early stages of procurement. The outline scope of works has already been agreed, this is c.2-3 month earlier than in previous years. The advantage that has been realised, is that it will enable the City Surveyor projects team to go out to the market earlier. This time saving is key, when considering the extended lead in times for materials and equipment on construction projects. This early benefit to the project would suggest that these proposals are likely to be successful.
7. However, it is anticipated that these proposals will, in due course, reap further rewards. As set out at the beginning of this pilot, the proposals concerning the annual maintenance programme aim to limit costs of work, specifically:
 - a. Consultant costs may not be required (or be vastly reduced) as works could be planned within the normal workloads of the City Surveyor's Department.
 - b. Smaller packages of cyclical work would be removed from the scheme and delivered separately as traditional cyclical works by the City's term contractors, e.g. those under £250k and could be carried out in other term times or out of hours. To use the example of the 2019/20 programme, electrical works and mechanical works could be delivered by others, therefore reducing the overall package to less than £1 million.

Procurement

8. In terms of procurement proposals, the School has not yet needed to use the extended delegations and so it cannot be determined whether these pilot proposals have been deemed successful or not.
9. Data gathered from undertaking the trial will inform the extent to which the proposals have addressed the perceived benefits, including:

- a. Reduce the overall time required to tender, award, mobilise contracts, as local officers may be able to start processes immediately upon the identification of need.
- b. Reduce cost of service provision by agreeing contracts which align with the School's needs and timetables
- c. Increase ownership in requirements definition by making the School accountable for making the right choice
- d. Improve the alignment of service provision with the Schools' requirements
- e. Allow Procurement to trial, iterate and build support for their future support service model for institutions on a small scale, before rolling out to any other relevant departments or institutions
- f. This would also provide an opportunity to apply and trial the principle of empowerment in the Target Operating Model.

10. In order to ensure continued compliance with procurement regulations, it is proposed to align the value for devolved responsibility for non-works procurements from £189,330 to the public procurement thresholds (£213,477 inclusive of VAT or £170,781 exclusive of VAT as of 01 January 2022). Any department or institution that is funded by City's Fund, in part or in whole, may not be able to trial the full extent of these procurement proposals due to the requirements of the Public Contracts Regulations to ensure that the spending of public funds is fair, transparent and offers best value to the taxpayer.

Options

Option 1 – Continue to pilot the Procurement and City Surveyor's proposals within the City of London School alone until July 2022

11. One option could be to continue to pilot the proposals locally within the City of London School until July 2022 to collect data and evidence to inform Members on the decision that could be taken in the future regarding rolling out the proposals permanently.

12. Whilst this would give more specific information to help decide whether these are the right set of proposals, it could mean that the benefits are not realised until much later than they could have been.

13. This option also opposes the Member direction from the Establishment Committee to move forward at pace.

Option 2 – Extend the pilot of the Procurement and City Surveyor's proposals to the City of London School for Girls and the City of London Freemen's School now until July 2022

14. Another option could be to only extend the pilot to the three independent Schools now until July 2022 as all three Schools have similar needs as an institution of the City of London Corporation.

15. Again, this could mean that the benefits from these proposals are not realised by other parts of the organisation until much later than they could have been. It would

also mean that there would be no information or data collected on how these proposals impact other departments and institutions who may have different needs and requirements than the Independent Schools.

Option 3 – Extend the pilot proposals relating to the City Surveyor to all departments and institutions within the City of London Corporation family and the pilot proposals relating to Procurement to the City of London School for Girls and the City of London Freeman’s School. (RECOMMENDED)

16. The recommended option is that the pilot proposals are rolled out to all departments and institutions – where applicable – to allow for full testing of the proposals in all areas of the City of London Corporation. This would help inform the evaluation of the pilot after it has ended in July 2022, and allow Members to make a decision as to whether the proposals are rolled out permanently in September 2022 or not.

Proposals

Annual Maintenance Programme

17. It is now proposed that the delegation in relation to development, refurbishment and revenue programme schemes, being funded by departmental or institutional ring-fenced maintenance budgets, be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process. This higher number is to reflect the fact that the annual works package of circa £1m is usually let to a single contractor to facilitate ease of delivery. Combining a number of minor projects into one procurement means it has the characteristics of a single project and therefore would need to go through the gateway process because of its cost.

18. This proposal requests a delegated authority approach like that of the Investment Property Group that was adopted in May 2019. This enables projects up to £1,000,000 to progress outside of the Gateway process with delegated authority given to the City Surveyor to agree the process documentation.

19. It should be noted that:

- a. For all projects, the Chamberlain must be consulted to confirm that funding is available for any proposed budget before the project could proceed and City Procurement would continue to be consulted, as appropriate, on procurement issues (including the completion of the relevant procurement documentation/ form).
- b. Should the estimated cost of a project increase to over £1,000,000, the project would revert to the gateway approval process.
- c. Appropriate process documentation must be used for these projects, albeit some may be combined where considered appropriate. In this context, any issues arising would be approved by the City Surveyor subject to consultation with the Chamberlain on financial matters.

20. In addition, it is proposed that the scheme of delegations be updated to allow for the departmental Chief Officer or Head of Institution, in consultation with the City Surveyor, to:-

- approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme, with funding from appropriate sources agreed with the Chamberlain.

21. The routine cyclical maintenance projects carried out are often smaller packages of work grouped together to create a larger project. If the above proposal is agreed, the works would be, if appropriate, tendered via the new City Frameworks for building fabric and mechanical and electrical projects between £250,000 and £1,000,000. Any works outside the City Framework would be tendered via City Procurement.

Procurement

22. It is now proposed that a devolved process be extended to be piloted by all three Independent Schools and any other department or institution, to allow:-

- a. The authority to run procurements up to £189,330 be devolved to the department or institution with the option of drawing on the central procurement team to advise and provide support to the procurement process where necessary;
- b. Procurements for Works up to £300k may also have more freedom over procurement process, depending on applicability of UK procurement regulation. Agreement on process and lead will be made between City Procurement and the department or institution. The proposed procurement approach within the (£180-300K spend bracket)) will be considered in a short options report (PT3) by the Chair of the relevant Category Board.

23. It is also proposed that:-

- a. In line with the City Surveyor's Integrated Facilities Management model, in relation to core property services that are delivered from the centre, the department or institution's specific requirements will be included in the specification for the appropriate LOT. The department or institution will be consulted in choosing the supplier (i.e. for specialist services whether these should be delivered in-house or via external contracts) and the provider of core services. This will be considered by the City Surveyor when making the decision on the supplier.

24. Please note that the intention would not be for any department or institution to exit existing Corporation contracts early, but rather investigate options alongside scheduled contract renewals with the aim of being ready with options for comparison. The specific needs of each department or institution will actively be fed into the requirements for corporate contracts and agreed at Category Board. If the department or institution felt that their requirements are not being listened to, this would be escalated to their Board or Service Committee and the Procurement Sub Committee.

25. It is also proposed that City Corporation procurement policies (such as London Living Wage, Diversity, Responsible Procurement) continue to be applied to the all procurement processes despite further empowerment to choose the service and supplier. Departments and institutions would work with the Responsible Procurement Manager to put processes in place (e.g. training, checklist) to ensure compliance of these policies during the pilot. IT policies would also be adhered to for relevant Digital and IT procurements.
26. If the above proposal is agreed, it is also proposed that a new regular report be prepared to provide an annual update of procurements to the Procurement Sub Committee.
27. As within current practices, it will be important for the City Corporation to maintain 'good governance' of procurements. Within this proposal, departments and institutions would use the Procurement Authorisation Report for all tenders up to £300k which will allow for City Procurement to keep records, and departments and institutions will also ensure they keep records of bids and decisions.
28. It is intended that these proposals be piloted for eight months (until July 2022) before assessing whether this new way of working is successful in a paper to the Establishment Committee.

Corporate & Strategic Implications

Strategic implications

29. This pilot is part of the wider Target Operating Model programme to assess the organisation's agility to removing barriers to collaboration, causes of friction, inertia and non-value adding activity. If this proposal is approved, it will be continually assessed and reviewed and, if successful, a further proposal will be reported to the relevant committees (including this Sub-Committee) to allow for a further rollout of the new process to other relevant institutions and departments.
30. This proposal meets the objectives of the City Corporation's Corporate Plan – in particular objectives 1, 5, 6, 7, 8, 9, 10 and 12.

Financial implications

31. If these proposals are agreed, it is estimated that there would be reduced costs as contracts would be agreed which align with the School's needs and timetables.
32. In agreeing to the proposed change in the governance arrangements for works projects, Members should assure themselves that the new arrangement will ensure value for money continues to be achieved for these works and that there will be no adverse impact on the level of income generation, e.g. school fees that need to be charged.

Resource implications

33. If agreed, it is estimated that there would be a shift in resource required to manage the approvals process.

Legal implications

34. The initiative to empower the departments and institutions to allow greater flexibility in terms of projects and procurement choices is one which will have legal implications, with the emphasis shifting to the departments and institutions directly and its governance arrangements. As far as the wider procurement arena is concerned, strategic choices will continue to be made in accordance with the framework of the School's governance and with the support, where required, of the City Procurement team. It is anticipated that certain areas of procurement spend (e.g. works procurement characterised as buildings repairs and maintenance and certain "hard" and "soft" FM services) will continue to be addressed on a corporative basis as is currently the case.

Risk implications

35. Without sufficient expertise, there is a risk that some contracts could be commercially disadvantageous, particularly in specialist areas such as IT.

Equalities implications

36. The proposals within this report do not have any impact (positive or negative) on people protected by the Public Sector Equality Duty 2010 – age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity.
37. The proposals ask that the agreed City Corporation procurement policies on diversity continue to be applied to procurements even though these are devolved.

Climate implications

38. The proposals ask that the agreed City Corporation procurement policies on carbon reporting and reduction continue to be applied to procurements even though these are devolved.

Security implications

39. None.

Conclusion

40. The Target Operating Model provides an opportunity for the City of London Corporation to remove barriers to collaboration, causes of friction, inertia and non-value adding activity. Proposals relating to streamlining procurement and the projects gateway processes are being tested via the City of London School, and this report requests approval for the pilot to be extended to all relevant parts of the organisation until July 2022, before deciding whether to roll out permanently in an evaluation report in September 2022.

Appendices

- None

Background Papers

- [*TOM CLS Pilot – HR proposals to achieve Greater Local Delegations*](#) – 15
October 2021 – Establishment Committee

Emma Cunningham

TOM Change and Implementation Manager

E: emma.cunnington@cityoflondon.gov.uk

Committee(s): Procurement Sub-Committee Finance Committee	Dated: 18 th January 2022 25 th January 2022
Subject: City Procurement Quarterly Progress Report (Q2 2021/22)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5
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: The Chief Operating Officer	For Information
Report author: Darran Reid (City Procurement)	

Summary

The report updates Members on the progress of City Procurement towards measurable key performance indicators and other areas of work.

Performance to end Q2 2021/22 financial year is summarised below:

- City Procurement savings of £2,626,000, comprising £479,000 Commercial Contract Management, Sourcing £778,000 and Category Management savings of £1,369,000.
- At the midpoint, the full year savings projection is £4,182,000 towards the agreed target of £7,300,000, leaving an additional £3,118,000 to be found in the second half of the year.
- Three non-compliant waivers over £50,000 totalling £597,897 which were Procurement Code Breaches.
- 32 FOI requests have been responded to using 46 hours of officer time.

Recommendations

Members are asked to note the report.

Main Report

Background

1. City Procurement has four main functions:
 - a. Sourcing (Procurement Operations) & Category Management;
 - b. Commercial Contract Management;
 - c. Responsible Procurement; and
 - d. Policy & Compliance.
2. City Procurement reports quarterly on its progress and current performance against commercial KPIs.
3. Following the establishment of the Chamberlain's Shared Transactional Finance Function, performance against KPIs for transactional elements of the procure to pay cycle will be reported on by the Chamberlain.

Efficiency and Savings

4. City Procurement is set an annual savings target at the start of each year. This is based on the contracts to be let during that financial year that have the potential to make efficiency or cost savings, and contracts let in previous years that are generating guaranteed savings in the current year. Contracts are reviewed by Category and savings are set using industry benchmarks. The 2021/22 City Procurement savings target is £7,300,000.

Efficiencies and savings performance to 30 September 2021

5. Savings achieved to end Q2 are £2,626,000 comprising:
 - a. Sourcing (Procurement Operations) £778,000
 - b. Category Management £1,369,000
 - c. Commercial Contract Management £479,000
6. The full year projection, at the run rate at the end of period 6, is £4,182,000 which is 57%.
7. Further savings and efficiencies of £3,118,000 will need to be secured in the second half of the year to achieve the target of £7,300,00.

Non-compliant Waivers

8. The use of non-compliant waivers continued to be exceptional with only three Procurement Breach waivers issued to end Q2 of FY 2021/22:

Waiver Reason	Total Number	Total Value (£)
Poor Operational Planning	0	0
Procurement Code Breach	3	597,897
Total	3	597,897

9. To end Q2 of the previous financial year 2020/21 there were also a total of three non-compliant waivers: one Procurement Code breach and two for Poor Operational Planning.
10. City Procurement will continue to monitor the situation and deploy Waiver Danger messaging as required.

Freedom of Information (FOI) Requests

11. City Procurement has received 32 FOI requests to date totalling 46 hours of officer time, averaging 1.4 hours each.
12. In the same period in the previous year 29 requests took 53 hours of officer time, averaging 1.8 hours each.
13. Despite an increase in FOI requests, officer time has reduced by 22%, suggesting that the revised FOI management process introduced in Q1 2021 has increased efficiency.
14. Analysing the make-up of FOIs for this period gives the following categorisation:

Nature of FOI Query	Instances
Contract Specific	24
Compliance Specific	4
Seeking Sales Opportunity	4
Grand Total	32

Conclusion

15. City Procurement has achieved 57% of its savings target. The number of non-compliant procurements remains low with only three Procurement Breach Waivers being issued at a combined value of £597,897. The number of FOIs received in has increased but average officer time to respond to these has reduced, indicating increased officer efficiency.

Report Author

Darran Reid, Assistant Director Commercial Contract Management, Chief Operating Officer's Department
E: darran.reid@cityoflondon.gov.uk

This page is intentionally left blank

Committee(s): Finance Committee	Dated: 25 January 2022
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

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

2021/22 Central Contingencies – Uncommitted Balances 11 January 2022			
	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

- 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.
- At the time of preparing this report, an additional request for funding on the non-public agenda for a sum of £307k is being presented to this Committee. However, the funding of this request has not been confirmed and it has therefore not been included in the uncommitted balances table provided above.
- 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

Amanda Luk

Senior Accountant

Financial Services Division

T: 020 7332 1372

E: amanda.luk@cityoflondon.gov.uk

This page is intentionally left blank

Committee(s)	Dated:
Finance Committee	25 th January 2022
Subject: Report of (public) Action taken under DA or Urgency procedures since the last meeting of the Committee	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

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

Recommendation

Members are asked to note the report.

Main report

Subject: Eight Authority Pool (Urgency – 10th January 2022)

Background

As part of the business rates regime, Government has allowed Local Authorities with a geographic link to form a business rate pool. In forming a pool, the group of authorities are seen as a single entity from a business rate perspective and in doing this, should retain more of the business rate income generated locally.

From 2018/19 the 32 London Boroughs, Greater London Authority (GLA) and the City of London Corporation were part of the London Business Rates Pool. Significant financial benefits (£609m) were gained from this arrangement, until the pandemic.

A business rate pool works by lowering the amount paid to Government on business rate growth above the baseline level set by Government. At its highest, 50% of growth is paid to Government. By forming a pool, this rate can be lowered to 0%, and funds which were earmarked to Government would be retained locally.

The pandemic had a significant impact on the collection of business rate, which has led to an estimated £14.2m loss to be shared by pool participants.

Further modelling for 2021/22 and 2022/23 showed a mix of risks across London, which, matched with the comparatively low level of financial return (the 2020/21 pool was only forecast to make a total gain of £36m due to the levy rate only reducing to 19.4%), meant that it was agreed that the London Pool would not continue for 2021/22 and 2022/23.

Following the collective decision not to form a London wide business rates pool for 2022/23, the opportunity was still available for authorities to form their own pool groupings.

Having considered the experience from the London Pool, which whilst challenging in 2020/21, did produce significant financial gains in previous years, the City of London alongside Brent, Barnet, Enfield, Hackney, Haringey, Tower Hamlets and Waltham Forest, have applied to form a tactical pool – the “Eight Authority Pool” in 2022/23.

The pool is formed with the aim of keeping the levy payments the City of London and Tower Hamlets make to Government (potentially £35m), in London, which would otherwise leave London. The arrangement would support the Government’s levelling up agenda given four of the partner local authorities are ranked among the six most deprived boroughs in London.

The application is for a single year ‘tactical pool’ in 2022/23; with the intention to restore a pan-London pool as soon as risks are tolerable. There is no detrimental impact to the rest of London and the arrangement does not preclude boroughs from forming their own pooling arrangements.

Arrangements would mimic those of the London Pool with the City of London acting as lead authority. We estimate the Eight Authority Pool could potentially yield £12m for City Fund. The distribution formula was agreed with the other boroughs before Christmas: 40% to COL and 60% split equally between the remaining seven boroughs. Further details are set out in the attached background report.

REASON FOR URGENCY

All authorities have until 13th January 2022 (28 days after the Local Government Settlement) to pull out of the pooling arrangement, although it should be noted that if one authority pulls out, the whole pool falls. No financial commitment has been made by any authority.

RESOLVED – That the Town Clerk, in consultation with the Chairman and the Deputy Chairman:

1. Approved the establishment of the Eight Authority Pool
2. Approved the Memorandum of Understanding at Appendix 1.
3. Approved that the City Corporation hosts the Pool, as it did for the pan-London pool, with costs to be covered from the Pool.
4. Authorised the Chamberlain and the Town Clerk to carry out the administrative arrangements needed for the Pool.

Subject: Emergency Relief – Afghanistan Crisis Appeal (Delegated Authority – 14th January 2022)

Background

The International Disaster Fund (IDF) has an annual budget of £125,000 available to support appeals of this kind. To date two donations have been made in 2021/22 totaling £50,000, leaving a remaining budget of £75,000.

Families in Afghanistan cannot afford to buy food and children are dying. Health services are struggling to treat malnourished mothers and children as they lack medicines and supplies.

The head of the World Food Programme describes the situation as “the worst humanitarian crisis on earth.” Over three million children under five are expected to suffer from acute malnutrition by March 2022, with at least a million of them at risk of dying.

Even before the recent conflict, change of government and collapse of the economy, people were struggling to survive the worst drought in 27 years, the effects of years of conflict and the disruption caused by the pandemic. Now, chronic poverty and hunger have deepened and those who fled their homes in recent months are facing temperatures as low as -12 without suitable shelter.

The Disaster Emergency Committee (DEC) has launched an appeal to provide aid in this time of crisis.

RESOLVED – That the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approved a donation of £25,000 to support the Afghanistan Crisis Appeal from the International Disaster Fund.

Contact:

John Cater

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

020 7332 1407

This page is intentionally left blank



2020-21 City Fund and Pension Fund Accounts – Audit Completion Update

Background

The 20-21 City Fund and Pension Fund accounts were presented to the November Audit and Risk Management and December Finance Committee. As in previous years whilst there were outstanding matters to be resolved, as detailed in the auditor report, the audit was substantially complete and therefore authority was delegated to the Chamberlain, in consultation with the Finance Committee Chairman and Deputy Chairman, for final sign-off.

Following the auditors internal review process, a late technical query has been raised which has prevented the final sign-off of the accounts.

It should be noted that the Pension Fund audit is complete and is not impacted by this issue.

Current Position

Following the auditors' internal review of the City Fund audit, a late issue regarding the disclosure notes supporting the cashflow statement has prevented final sign-off of the accounts. The issue raised is not new, and relates to the disclosure of movements in short term investments on a gross basis i.e. separately disclosing purchases and sales of investment, which has to date been presented on a net basis.

This issue was raised during the 2019-20 audit, when the current presentation was accepted given the City Corporation's cash position and investment decisions are dealt with at an aggregate level across all the Corporation's funds, given greater return rates are secured from larger monetary placements. To comply with the auditor's request, we are being asked to retrospectively determine what proportion of the purchases and sales of investment instruments specifically relates to City Fund cash.

Whilst conceptually this may sound like a straightforward task, this does throw up several challenges:

- The volume of data to be analysed to establish the require information across 2 financial years, as prior year figures will also need to be restated, is a time-consuming task.
- In addition, the opening investment balance at 1 April 2019 will also require a by fund breakdown to understand subsequent movement in the balance i.e. maturity and re-investment.
- Investment decisions are based on expected cashflow so this information will also need to be factored in on a fund basis.
- To date average cash balances across funds have been used to apportion balances as part of the final accounts process. Moving to this new level of analysis may require wider changes in how the investment portfolio is managed with individual fund balances being maintained. This may be a more resource intensive way of operating.



BRIEFING NOTE

At the time of writing a proposed approach has been forwarded to the auditors and we are awaiting confirmation that this would be acceptable. To date work has focused on getting an acceptable methodology focusing on 2020-21. Should this be agreed, attention would then turn to 2019-20.

This issue does not question the underlying data in the accounts, nor would result in a change in the main statements. This issue is isolated to the disclosure supporting the cashflow statement and would not change the net position currently presented in the accounts.

Members will be aware that the scheduled audit sign-off deadline is 30 September for City Fund and the Pension Fund accounts. We are therefore working towards completing sign-off as soon as possible given the requirement deadline has been missed.

Neilesh Kakad

14/1/2022

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank