



Finance Committee

Date: TUESDAY, 3 MAY 2022

Time: 1.45 pm

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

Members:	Munsur Ali	Alderwoman Susan Langley
	Deputy Rehana Ameer	Gregory Lawrence
	Deputy Randall Anderson	Tim Levene
	Shahnan Bakth	Paul Martinelli
	Emily Benn	Deputy Andrien Meyers
	Nicholas Bensted-Smith	Deputy Brian Mooney
	James Bromiley-Davis	Eamonn Mullally
	Deputy Henry Colthurst	Deputy Nighat Qureishi
	Alderman Emma Edhem	Paul Singh
	Alderman Sir Peter Estlin	Tom Sleigh
	Sophie Anne Fernandes	Deputy Sir Michael Snyder
	Steve Goodman	Deputy James Thomson
	Martha Grekos	James Tumbridge
	Deputy Madush Gupta	Mark Wheatley
	Deputy Ann Holmes	Deputy Philip Woodhouse
	Alderman Robert Hughes-Penney	Catherine McGuinness (Ex-Officio Member)
	Wendy Hyde	Deputy Christopher Hayward (Ex-Officio Member)
	Elizabeth Anne King	

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

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Lunch will be served for Members in Guildhall Club at 1pm

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. **ORDER OF THE COURT OF COMMON COUNCIL**
To receive the Order of the Court of Common Council from Thursday, 21st April 2022.

For Information
(To Follow)
4. **ELECTION OF CHAIRMAN**
To elect a Chairman in accordance with Standing Order 29.

For Decision
5. **ELECTION OF DEPUTY CHAIRMAN**
To elect a Deputy Chairman in accordance with Standing Order 30.

For Decision
6. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting held on 15th February 2022.

For Decision
(Pages 5 - 16)
7. **APPOINTMENT OF SUB-COMMITTEES AND REPRESENTATIVES ON OTHER COMMITTEES**
Report of the Town Clerk.

For Decision
(Pages 17 - 24)
8. **FINANCE COMMITTEE'S FORWARD PLAN**
Report of the Chamberlain.

For Information
(To Follow)

9. **RISK MANAGEMENT - MONTHLY QUARTERLY REPORT**
Joint Report of the Chamberlain and the Chief Operating Officer.

For Information
(Pages 25 - 42)

10. **RENTAL INCOME AND BUSINESS RATE UPDATE**
Report of the Chamberlain.

For Information
(To Follow)

11. **WATER CHARGES REFUND**
Report of the Chamberlain.

For Decision
(To Follow)

12. **CHAMBERLAIN'S DEPARTMENTAL BUSINESS PLAN END OF YEAR UPDATE**
Report of the Chamberlain.

For Information
(To Follow)

13. **INTEREST RATES FOR LOAN FACILITIES - ANNUAL REVIEW**
Report of the Chamberlain.

For Decision
(Pages 43 - 46)

14. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.

For Information
(Pages 47 - 52)

15. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.

For Information
(Pages 53 - 56)

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 15th February 2022.

For Decision
(Pages 57 - 58)

20. **EXTENSION OF SECURITY SERVICES CONTRACT**
Report of the Chief Operating Officer.

For Decision
(Pages 59 - 66)

21. **CITY FUND - HEADLEASE RESTRUCTURE - 280 BISHOPSGATE, EC2**
Report of the City Surveyor.

For Decision
(To Follow)

22. **CITY'S ESTATE - SURRENDER OF LEASE: 2ND FLOOR, THE COURTYARD, 1-7 ALFRED PLACE/220-226 TOTTENHAM COURT ROAD - BUSINESS CLUBS LIMITED**
Report of the City Surveyor.

For Decision
(Pages 67 - 74)

23. **CITY'S ESTATE - LONG LEASE SALE OF 25-27 STORE STREET, LONDON, WC1**
Report of the City Surveyor.

For Decision
(Pages 75 - 76)

24. **NON-PUBLIC APPENDIX (ITEM 14 - CONTINGENCIES)**
To be read in conjunction with ITEM 14 (Central Contingencies)

For Information
(Pages 77 - 80)

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

Report of the Town Clerk.

For Information
(Pages 81 - 84)

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

27. **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 – Circulated Separately

28. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on 15th February 2022.

For Decision

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FINANCE COMMITTEE

Tuesday, 15 February 2022

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 15 February 2022 at 1.45 pm

Present

Members:

Deputy Jamie Ingham Clark (Chairman)	Hugh Morris
Jeremy Mayhew (Deputy Chairman)	Deputy Susan Pearson
Deputy Randall Anderson	James de Sausmarez
Nicholas Bensted-Smith	Deputy John Scott
Deputy Henry Colthurst	Deputy James Thomson
Alderman Prem Goyal	Deputy Philip Woodhouse
Michael Hudson	Catherine McGuinness (Ex-Officio Member)
Wendy Hyde	Deputy Christopher Hayward (Ex-Officio Member)
Paul Martinelli	

Guest

Alderman Ian Luder

Officers:

John Cater	- Committee Clerk
Bob Roberts	- Director of Communications
Caroline Al-Beyerty	- Chamberlain's Department
Emma Moore	- Chief Operating Officer
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Simon Owen	- Chamberlain's
James Graham	- Chamberlain's Department
Angela McLaren	- Commissioner, City of London Police
Sean Green	- Chamberlain's Department
Hayley Hajduczek	- Town Clerk's Department
Giles Radford	- Department of the Built Environment
Neilesh Kakad	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Genine Whitehorne	- Chief Operating Officer's Department
Sonia Virdee	- Chamberlain's Department
Ian Hughes	- Department of the Built Environment
Simon Owen	- Chamberlain's Department
Sharon Ament	- Director of the Museum of London
Phil Black	- Chamberlain's Department
Ally Cook	- Chamberlain's Department

1. **APOLOGIES**

Apologies for absence were received from Munsur Ali, Rehana Ameer, Graeme Doshi-Smith, Alderman Professor Emma Edhem, Alderman Sir Peter Estlin, Alderman Robert Hughes-Penney, Deputy Clare James, Alderman Alastair King, Gregory Lawrence, Oliver Lodge, Andrew McMurtrie, Deputy Robert Merrett, Benjamin Murphy, Ian Seaton, Sir Michael Snyder, Mark Wheatley, and Deputy Tom Sleigh.

The Chairman thanked Oliver Lodge and William Pimlott for their contributions to the Committee. Mr Lodge and Mr Pimlott would not be standing for re-election to the Court of Common Council in March.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes and non-public summary of the meeting held on 25th January 2022 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. **REQUESTS FOR DECISIONS UNDER DELEGATED AUTHORITY PROCEDURES - POST FEBRUARY 15 - APRIL**

The Committee considered a Report of the Town Clerk concerning several requests for delegated authority over the period 15 February – 30 April.

RESOLVED – That the Committee agreed to provide delegate authority for the Town Clerk, in consultation with the Chairman and Deputy Chairman of Finance Committee, to approve decisions for procurement processes outlined at Appendix 1 (Non-Public) in relation to:

- Barbican Public Catering Contracts (Contract Extension – for decision)
- Temporary Labour (Stage 1 – for decision)
- Physical Alterations to Bridges (Stage 1 – for decision)
- Highways Contract (Stage 2 – for decision)
- Cleaning and Window Cleaning Contracts
- Security Contract for the provision of Manned guarding services

and for several investment property matters outlined at Appendix 2 (Non-Public) in relation to:

- Lease- Regears, Long Lease Restructures and Development Agreements
- Disposals

- Gateway Reports

6. **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.

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

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

- Efficiency and Performance Sub-Committee held on 21st January 2022;
- Procurement Sub-Committee on 18th January 2022

a) **Draft public minutes of the Efficiency and Performance Sub-Committee held on 21st January 2022**

RESOLVED – That the public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 21st January 2022 be noted.

b) **Draft public minutes of the Procurement Sub-Committee held on 18th January 2022**

RESOLVED – That the public minutes and non-public summary of the Procurement Sub-Committee meeting held on 18th January 2022 be noted.

8. **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.

The Chamberlain advised Members that, at this point, it would not add value to establish inflationary pressures as a standalone Corporate Risk. She assured Members that the level of inflation is kept closely monitored and is considered one of the key triggers when it came to financial planning over the medium-term. She informed Members that there was a general inflation contingency fund in place as part of the corporate budget, and that there were additional contingencies within the main capital buildings budgets which took account of inflationary pressures.

In response to a query about whether the Audit & Risk Management (A&RM) Committee took a view on this, the Chamberlain confirmed that A&RM's steer was to establish a standalone Corporate Risk for inflationary pressure in the Register. The Chairman added that the A&RM discussion had only recently taken place and that officers would need some time to consider the ramifications of establishing a new Corporate Risk on these lines. He asked the Chamberlain to bring a discussion paper back to the next meeting of the Finance Committee in May. In addition, the former Chairman of A&RM (who attended the meeting

as a guest of the Chairman) urged caution about the risk of a proliferation of Corporate Risks as it risked devaluing the process as a whole.

A Member queried whether, given its reduction in value due to the increases in inflation, the City Corporation should be looking to lower its holding of cash; the Chairman welcomed this point and suggested that it was something which the Financial Investment Board should consider in due course.

RESOLVED – That the Committee noted the Report.

9. **CITY FUND 2022/23 BUDGET AND MEDIUM-TERM FINANCIAL PLAN**

The Committee considered a Report of the Chamberlain concerning the 2022/23 Budget and Medium-Term Financial Plan for City Fund.

A concern was raised by Alderman Luder (attending the meeting as a guest of the Chairman) in respect of the proposal to not increase the core Council Tax level; the City's medium-term financial outlook was, as per the wording in the Report, on "a knife-edge", with the upcoming loss of the Business Rates Growth Fund, and significant changes from the Fair Funding settlement compounding the risks. The decision not to increase, would in addition, send an unhelpful signal to central government that the City's finances were, over the medium-term, in a better shape than was the case. Whilst currently the projections indicated a small surplus over 2022/23, it was incumbent upon the Court to use this opportunity to reinforce the City's finances and "fix the roof whilst the sun was shining", given the likelihood of further demands throughout this year and other cost pressures which need to be taken into account, including the national insurance surcharge and increased audit fees. The Member added that whilst increasing Council Tax would not deliver huge sums immediately, over five years an increase of 1.99% would result in a cumulative income of £2.1m, which would have a material and positive impact on the City's financial sustainability over the medium-term. The Member therefore moved to amend the recommendation concerning the Core Council Tax to increase it by 1.99%.

A number of Members highlighted their concerns about the implications of an increase to the level of Core Council Tax at this point in the political cycle; after all, an increase would only generate a relatively modest sum of money from a relatively modest number of residents. It was thought unlikely that Government will look at a decision not to increase the Tax unfavourably, and given the rising rate of inflation, and its impact on the cost of living, it was vital that resident tax payers weren't over-burdened during this period.

No clear view at RASC supportive of, Government will risk – Hudson 2%, JDS – BRP going up so Council Tax should go up to in interest of fairness. Corp facing significant financial pressures – reassured that those on low incomes would have a degree of protection. Not convinced that the electoral cycle should hold sway, wards with BRP increase

Several Members spoke in support of the amendment, with one emphasising that, whilst it was important to shield poorer residents from increases, those

with broader shoulders could and should pay a greater contribution. Furthermore, it was vital to recognise that a failure to increase Council Tax now, irrespective of the electoral timing, could very well lead to the need to increase it by a greater sum (with the potential for the need to hold a local referendum) further down the line in order to “catch up”.

In addition, it was pointed out as unfair that a proposal to increase the Business Rate Premium (included in the recommendations), which would impact the business community, was not matched by the City’s residents taking an equivalent share of the burden by way of an increase to the Core Council Tax.

The Deputy Chairman of the Finance Committee spoke in opposition to an increase to the core Council Tax; he highlighted that the current total UK wide tax take and the size of state as a proportion of national income was at a level not seen in the last 50 years; he emphasised the need to increase the downward pressure on costs, “cutting our cloth”, and raising productivity in the public sector as far more desirable solutions at this point than raising further taxes.

The Chairman added that the maximum the City would be able to raise through an increase to core Council Tax in 2022/23 would be circa £140K, which would not make a material difference to the City’s finances; however, he emphasised that we should not be complacent, and, keep the finances under close and constant review.

Members voted 11 – 4 in support of the recommendation concerning the Core Council Tax, namely, that it should be frozen in 2022/23.

In response to a query, the Chamberlain confirmed that the impact of the increase in the Business Rate Premium would be restricted to the upcoming financial year 2022/23, (i.e. there was no compound implications for future years).

In response to a concern about the need for an increase this year, the Chamberlain stressed that, if Members were not minded to approve the increase, the City would need to identify a flight-path over the medium-term to plug the £36m deficit. The Chairman of the Police Authority Board added that whilst he and the Force completely accepted that there were further efficiencies to be delivered, the overall quantum simply could not be bridged without increases to the BRP. Furthermore, if the City chose not to increase the BRP, it very likely result in a reduction in central government’s core grant. In short, despite the absence of an immediate deficit over 2022/23 “we need to start filling the medium-term gap now”.

Members were broadly supportive of the Chairman of the Police Authority Board’s comments and endorsed the increase to the BRP.

RESOLVED – That the Committee approved the following:

- Note the overall budget envelopes, this incorporates additional one-off funding from Government of £1.88m and retained business rates growth of £27m in 2022/23. For Police, an increase of additional grant to support the officer uplift plus £6.1m mitigations combined with £2.3m Business Rate Premium reinstated – noting this leaves the Police budget in deficit for 2022/23.
- Continue to monitor COVID income risk during 2022/23 and maintain a COVID contingency fund, not releasing £30m of general fund reserves for major project spend – to be reassessed in December 2023.
- Approve the overall financial framework and the revised Medium-Term Financial Strategy (paragraph 25).
- Approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23, including the treasury indicators.
- Approve the City Fund Net Budget Requirement of £167.3m (paragraph 57)

Council Tax

- To approve an increase in the Adult Social Care Precept of 1.00% (paragraph 38).
- To otherwise consider whether to freeze council tax (paragraph 39).
- Determine the amounts of Council Tax for the three areas of the City (the City, the Middle Temple and the Inner Temple to which are added the precept of the Greater London Authority (GLA) - appendix A.
- Determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2022/23 will not be excessive in relation to the requirements for referendum.
- Determine, the current 100% discount awarded to unoccupied and unfurnished and uninhabitable dwellings is continued at zero (0%) for the financial year 2022/23 and future years.
- Determine that the premium levied on long-term empty property for 2022/23 and future years of 100% and 200% is continued and that for properties that have been empty for over ten years, a premium of 300% is levied.
- It is recommended that, having regard to the government guidance issued, the Chamberlain be given the discretion, delegated to the Head of Shared Services, to reduce or waive the long-term empty premium charge in exceptional circumstances.

- Approve that the cost of highways, street cleansing, waste collection and disposal, drains and sewers, and road safety functions for 2022/23 be treated as special expenses to be borne by the City's residents outside the Temples (appendix A).

Business Rates

- To approve an increase of up to 0.4p in the £ in Business Rate Premium (paragraph 40).
- Set a Non-Domestic Rate multiplier of 52.4p and a Small Business Non-Domestic Rate Multiplier Rate of 51.1p for 2022/23.
- Note that, in addition, the GLA is levying a Business Rate Supplement in 2022/23 of 2.0p in the £ on properties with a rateable value of £70,000 and above (paragraph 62).
- Delegate to the Chamberlain the award of discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988 (paragraphs 61).

Capital Expenditure

- Approve the Capital Strategy (appendix E).
- Approve the Capital Budgets for City Fund and the allocation of central funding from the appropriate reserves to meet the cost of the 2022/23 new bids– release of funding being subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub Committee at gateway 4(a) (paragraph 68).
- Approve the continuation of the allocation of central funding in 2022/23 to provide internal loan facilities for police and the HRA, currently estimated at £4.9m and £19.0m respectively (paragraph 71).
- Approve the Prudential Code indicators (appendix C).
- Approve the authorised limit for external debt (which is the maximum the City Fund may have outstanding by way of external borrowing) at £216.6m for 2022/23; and the Minimum Revenue Provision (MRP) for 2022/23 at £1.2m (MRP policy is included within appendix D – Treasury Management Strategy Statement and Investment Strategy Statement 2022/23 - appendix 2).

Treasury Management Strategy Statement and Investment Strategy Statement 2022/23 (Appendix D)

- Approve the addition of multi-asset funds to the list of permitted non-specified investments subject to an overall limit of £50m (Appendix D, sub appendix 3). The Corporation is expected to maintain significant surplus cash balances for the foreseeable future. Multi-asset funds

enable the Corporation to mitigate the gradual erosion of the real value of these long-term cash balances from the effects of inflation.

- Approve the new policy for managing environmental, social and governance (ESG) risks within treasury investment activity (Appendix D, paragraph 5.4).

Chamberlain's Assessment

- Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves and contingencies (paragraphs 79-82 and appendices B and G respectively).

10. CITY'S CASH 2022/23 BUDGET AND MEDIUM-TERM FINANCIAL PLAN

The Committee considered a Report of the Chamberlain concerning the 2022/23 Budget and Medium-Term Financial Plan for City's Cash.

RESOLVED – That the Committee approved the following:

1. Noted the latest revenue budgets for 2021/22 (paragraphs 19 to 22).
2. Agreed the 2022/23 revenue budgets, including the following measures:
 - Noted the **overall budget envelope** for City Cash.
 - Approved the overall financial framework and the revised Medium-Term Financial Strategy (paragraphs 2-18).
 - **Unfunded additional revenue bids:** To be avoided during 2022/23 - 2025/26 with a zero-based budget review to take place to reprioritise spend in line with new Corporate priorities.
 - Carry forwards from 2021/22 to be minimised, however where significant pressures have been highlighted by departments these are reviewed in light of on-going challenges.
3. Approved the 2022/23 Capital and Supplementary Revenue Project Budgets for City's Cash amounting to £20.4m (paragraph 27).
4. Approved the allocation of central funding of up to £9.0m for City's Cash to meet the cost of the 2022/23 capital schemes. Release of such funding being subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub-Committee at Gateway 4(a). In addition, a contingency is held under the capital programme up to £1.0m - given the pressures on construction and labour inflation rising up to 15% (paragraph 30).
5. Delegated authority to the Chamberlain to determine the final financing of capital and supplementary revenue project expenditure.
6. Endorsed this report for onward approval to the Court of Common Council.

11. **CITY OF LONDON PENSION FUND: GAD SECTION 13 SUMMARY REPORT**

The Committee received a Report of the Chamberlain concerning the Government Actuary's Department (GAD) second Section 13 Report following the 2019 actuarial valuation of the City's Pension Fund in December 2021.

RESOLVED – That the Committee noted the Report.

12. **ANNUAL ON-STREET PARKING ACCOUNTS 2020/21 AND RELATED FUNDING OF HIGHWAY IMPROVEMENTS AND SCHEMES**

The Committee received a Report of the Chamberlain concerning action taken in respect of any deficit or surplus in the City's On-Street Parking Account.

The Chairman reminded Members that the City's new Local Plan would result in a reduction of on-street parking availability across the Square Mile, so overall income from this account, at least in future years, will decrease.

RESOLVED – That the Committee noted the Report.

13. **CHAMBERLAIN'S BUSINESS PLAN QUARTERLY UPDATE**

The Committee received a Report of the Chamberlain concerning the Chamberlain's Departmental Business Plan.

The Chairman asked Members to extend the delegation for him and the Deputy Chairman to sign off the audit Report for the City Fund accounts when it was finalised.

RESOLVED – That, in addition to the extended delegation outlined above, the Committee noted the Report.

14. **CENTRAL CONTINGENCIES**

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

RESOLVED – That the Committee noted the Report.

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

There were no questions.

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

There were no urgent items.

17. **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.

18. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – That the non-public minutes of the meeting held on 25th January 2022 were approved as an accurate record.
19. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
The Committee noted a Report of the Town Clerk which advised Members of the key discussions which had taken place during non-public sessions at recent meetings of the Committee's Sub-Committees.
20. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**
The Committee noted the draft non-public minutes of the following Sub-Committee meetings:
- Efficiency and Performance Sub-Committee held on 21st January 2022;
 - Procurement Sub-Committee on 18th January 2022
- a) **Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 21st January 2022**
RESOLVED – That the non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 21st January 2022 be noted.
- b) **Draft non-public minutes of the Procurement Sub-Committee held on 18th January 2022**
RESOLVED – That the non-public minutes of the Procurement Sub-Committee meeting held on 18th January 2022 be noted.
21. **HIGHWAYS TENDER REPORT**
The Committee considered a Report of the Executive Director, Environment concerning the highway construction and maintenance contract.
22. **MUSEUM OF LONDON PAY AWARD**
The Committee considered a Report of the Director of the Museum of London concerning the Museum's 2021/22 Pay Award.
23. **MICROSOFT LICENSES**
The Committee received a Report of the Chief Operating Officer concerning IT Security Works (Microsoft E5).
24. **NON-PUBLIC APPENDICES - REQUESTS FOR DECISIONS UNDER DELEGATED AUTHORITY PROCEDURES - POST FEBRUARY 15 - APRIL**
The Committee noted the non-public appendix to ITEM 5 (Requests for Decision under Delegated Authority Procedures).
25. **CONTINGENCIES (NON-PUBLIC) APPENDIX**
The Committee noted the non-public appendix to ITEM 14 (Contingencies).

26. **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.

27. **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.

28. **CONFIDENTIAL MINUTES**

RESOLVED – That the confidential minutes of the meeting held on 25th January 2022 were approved as an accurate record.

29. **RESOLUTION OF DIGITAL SERVICES SUB-COMMITTEE TO FINANCE COMMITTEE AND POLICY & RESOURCES COMMITTEE**

RESOLVED – That the Committee noted the Resolution of the Digital Services (Sub) Committee.

30. **DESTINATION CITY - STRATEGIC REVIEW - INDEPENDENT REVIEW REPORT - GROWTH BID**

The Committee considered a Report of the Executive Director of Innovation and Growth (IG) concerning Destination City.

31. **IT ASSESSMENT FOR CITY OF LONDON POLICE**

The Committee received a Report of the Commissioner of the City of London Police concerning an IT assessment for the City of London Police.

32. **CONFIDENTIAL DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

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

The meeting ended at 3.55 pm

Chairman

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

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Committee(s)	Dated:
Finance Committee	3 May 2022
Subject: Appointment of Sub-Committees and representatives on other Committees	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: Town Clerk	For Decision
Report author: John Cater, Committee Clerk, Finance Committee	

Summary

The purpose of this report is to consider the appointment of the Committee's Sub-Committees for 2022/23, to approve their composition and Terms of Reference, and to appoint representatives to a number of other City Corporation positions.

Following recommendations agreed by the Court in response to the Governance Review, the Finance Committee appoints to four Sub-Committees:

- Efficiency & Performance Sub-Committee
- Operational Property and Projects Sub-Committee (Joint with Policy & Resources Committee)
- Property Investment Board (Joint with Policy & Resources Committee)
- Financial Investment Board (Joint with Policy & Resources Committee)

In addition to the appointment of Members to its own Sub-Committees, the Committee also has the opportunity to make appointments to other Grand Committees and Sub-Committees. These are:

- Corporate Services Committee (formerly Establishment Committee (1 Member))
- Barbican Centre Board (1 Member)
- Streets and Walkways Sub (Planning & Transportation) Committee (1 Member)
- informal consultation with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty Allowances (1 Member)

Recommendations

Members are asked to:

- a) Agree the composition and Terms of Reference of the following Sub-Committees as set out in Appendix A;

- i. Efficiency & Performance Sub-Committee
 - ii. Financial Investment Board (Joint with Policy & Resources Committee)
[TO FOLLOW]
 - iii. Property Investment Board (Joint with Policy & Resources Committee)
[TO FOLLOW]
 - iv. Operational Property & Projects Sub-Committee (Joint with Policy & Resources Committee [TO FOLLOW])
- b) Agree that the Chairman and Deputy Chairman of the Grand Committee are appointed to the following Sub-Committees:
 - i. Efficiency & Performance Sub-Committee
 - ii. Operational Property & Projects Sub-Committee (Joint with Policy & Resources Committee)
- c) Agree that the Chairman or Deputy Chairman, or their nominee from the Grand Committee are appointed to:
 - i. Financial Investment Board (Joint with Policy & Resources Committee)
 - ii. Property Investment Board (Joint with Policy & Resources Committee)
- d) Agree the appointment of the Chairman and Deputy Chairman of the following Sub-Committee:
 - i. Efficiency & Performance Sub-Committee
- e) Note that the Chairman and Deputy Chairman of the following Sub-Committees are due to be elected from and by its Membership at their respective first meetings.
 - i. Financial Investment Board (Joint with Policy & Resources Committee)
 - ii. Operational Property & Projects Sub-Committee (Joint with Policy & Resources Committee)
 - iii. Property Investment Board (Joint with Policy & Resources Committee)
- f) Note the appointment of the following members of other Committees to its Sub-Committees:
 - i. Financial Investment Board (up to two Members of Policy & Resources Committee, up to two additional Members of the Court of Common Council and up to four External Members.)
 - ii. Operational Property and Project Sub-Committee (up to four Members of Policy & Resources Committee and up to two additional Members of the Court of Common Council)
 - iii. Property Investment Board (up to two Members of Policy & Resources Committee, two additional Members of the Court of Common Council and up to four External Members.)
- g) agree the appointment of Members to the following Sub-Committees,, , :
 - i. **Efficiency & Performance Sub-Committee** – a minimum of nine and maximum of 13 total Members of the Finance Committee (includes Chairman and Deputy Chairman of the Grand Committee and Chairman and Deputy Chairman of the Sub-Committee)

- ii. **Financial Investment Board**
2 Members of the Finance Committee (in addition to the Chairman or Deputy Chairman of the Grand Committee or their nominee)
 - iii. **Operational Property & Projects Sub-Committee (includes the Chairman and Deputy Chairman of the Grand Committee)**
4 Members of the Finance Committee (in addition to the Chairman and Deputy Chairman of the Grand Committee)
 - iv. **Property Investment Board**
2 Members of the Finance Committee (in addition to the Chairman or Deputy Chairman of the Grand Committee or their nominee)
- h) agree the appointments of representatives to the following Committees and Sub-Committees:
- Corporate Services (formerly Establishment Committee - **1 vacancy**)
 - Barbican Centre Board - **1 vacancy**
 - Projects Sub (Policy & Resources) Committee - **2 vacancies**
 - Streets and Walkways Sub (Planning & Transportation) Committee - **1 vacancy**
- i) agree the appointments of representatives for informal consultation with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty Allowances (allocation typically includes the Chairman and the Deputy Chairman of the Finance Committee) – **1 vacancy**
- j) note that the Chairman and Deputy Chairman of the Finance Committee will be Members of the Fraud and Cyber Crime Reporting and Analysis Service Procurement Committee, Capital Buildings Board (Policy & Resources Committee), Civic Affairs Sub (Policy and Resources Committee) and the Resource Allocation Sub (Policy and Resources) Committee.
- k) note that the Chairman and Deputy Chairman will be ex-officio Members of the following Committees and working parties:
- Policy & Resources Committee
 - Audit and Risk Management Committee
 - Digital Services Committee (or their nominee)
- l) Note that the Chairman (or his nominee) will be an ex-officio Member of the following Committees:
- Communications Sub Committee (Policy and Resources) Committee
 - Resource, Risk & Estates (Police) Committee
 - House Committee of the Guildhall Club
 - Mayoral Visits Advisory Committee (Chairman only)
- m) agree that the Committee should continue to meet “every fourth week on Tuesdays” with the exception of recess periods.

Main Report

Background

1. This report asks Members to consider the appointment and composition of the Finance Committee's Sub-Committees. It also details the representatives that the Committee is requested to appoint to serve on other City Corporation Committees or in other positions.
2. As set out in its Terms of Reference, there are a number of areas of the Finance Committee's work which require greater focus, the following Sub-Committees cover these areas:
 - Efficiency & Performance;
 - Financial Investment Board (Joint with Policy & Resources Committee)
 - Property Investment Board (Joint with Policy & Resources Committee)
 - Operational Property & Projects Sub-Committee (Joint with Policy & Resources Committee)
3. Each of these Sub-Committees is considered in turn below. Details of their proposed composition and Terms of Reference are set out in Appendix 1 of this report. With the three joint sub-committees terms of reference to follow separately.

Finance Committee Sub-Committee appointments

(A) Efficiency and Performance Sub-Committee

Composition

A minimum of **nine** and maximum of **13** total Members of the Finance Committee (includes the Chairman and Deputy Chairman of the Finance Committee and the Chairman and Deputy Chairman of the Sub-Committee)

The Sub-Committee met six times in 2021/22 and the membership and attendance were as follows:

Jamie Ingham Clark (Chairman)	6/6
Jeremy Mayhew (Deputy Chairman)	5/6
Randall Keith Anderson	6/6
Roger Arthur Holden Chadwick	2/6
Henry Colthurst	2/6
James de Sausmarez	5/6
Emma Edhem (Alderman)	3/6
Clare James	3/6
Paul Nicholas Martinelli	6/6
Philip Woodhouse	3/6

(B) Financial Investment Board (Joint with Policy & Resources Committee)

Composition

- the Chairman or Deputy Chairman of the Policy and Resources Committee, or their nominee (from the Membership of that Committee)
- the Chairman or Deputy Chairman of the Finance Committee or their nominee (from the Membership of that Committee)
- Two Members appointed by the Policy and Resources Committee
- Two Members appointed by the Finance Committee
- Up to four co-opted External Members with relevant experience – appointed by the sub-committee
- Up to Two Members to be co-opted from the Court of Common Council with relevant experience – appointed by the Court

(C) Operational Property and Projects Sub-Committee (Joint with Policy & Resources Committee)

Composition

- the Chairman and Deputy Chairman of the Policy and Resources Committee
- the Chairman and Deputy Chairman of the Finance Committee
- Four Members appointed by the Policy and Resources Committee
- Four Members appointed by the Finance Committee
- Up to two Members to be co-opted from the Court of Common Council with relevant experience.

(D) Property Investment Board (Joint with Policy & Resources Committee)
Composition

- the Chairman or Deputy Chairman of the Policy and Resources Committee, or their nominee (from the Membership of that Committee)
- the Chairman or Deputy Chairman of the Finance Committee or their nominee (from the Membership of that Committee)
- Two Members appointed by the Policy and Resources Committee
- Two Members appointed by the Finance Committee
- Up to four co-opted External Members with relevant experience – appointed by the sub-committee
- Up to Two Members to be co-opted from the Court of Common Council with relevant experience – appointed by the Court

Representatives on other Committees etc.

(F) One representative to serve on the Corporate Services Committee (formerly Establishment Committee)

The Committee met ten times in 2021/22 and the representative was Jeremy Mayhew. .

(G) One representative to serve on the Barbican Centre Board

The Board met seven times in 2021/22 and the representative was Wendy Hyde

(I) One representative on the Streets and Walkways Sub (Planning & Transportation) Committee

The Sub-Committee met six times in 2021/22 and the representative was Paul Martinelli..

(J) Representatives for Consultation with the Court of Aldermen and Representatives of the Policy & Resources Committee on Mayoralty and Shrievalty Allowances

This deputation is responsible for giving detailed consideration to the allowance for expenses for the offices of the Lord Mayor and the Sheriffs for the coming year. In 2021/22, the Committee's representatives were the Chairman, the Deputy Chairman and James De Sausmarez

(K) Membership on other Committees

The Committee is asked to note that the Chairman and Deputy Chairman of the Finance Committee are appointed as Members of the following Committees:

- Fraud and Cyber Crime Reporting and Analysis Service Procurement Committee
- Capital Buildings Board (Policy & Resources Committee)
- Civic Affairs Sub (Policy & Resources Committee)
- Resource Allocation Sub (Policy & Resources) Committee

(L) Ex-officio representation on other Committees

The Committee is asked to note that the Chairman and Deputy Chairman of the Finance Committee are ex-officio Members of the following Committees:

- Policy & Resources Committee
- Audit & Risk Management Committee
- Digital Services Committee (or their nominees)

In addition, the Chairman (or his nominee) will be an ex-officio Member of the following Committees:

- Communications Sub (Policy and Resources) Committee
- Resource, Risk & Estates (Police) Committee (Chairman only)
- House Committee of the Guildhall Club
- Mayoral Visits Advisory Committee (Chairman only)

Frequency of meetings

4. The Committee is also required to review the frequency of its meetings on an annual basis. Conventionally, the Committee meets every fourth week on Tuesdays with the exception of recess. Given the amount of business the Committee considers, it is proposed that this schedule continues, although meetings will be cancelled in the event that there is not sufficient business to

transact. Agenda planning will highlight the instances of this at the earliest opportunity.

Appendices

- Appendix 1 – Finance Committee Sub-Committees – Composition and Terms of Reference

John Cater

Town Clerk's Department

T: 020 7332 1407 John.Cater@cityoflondon.gov.uk

Appendix 1: Finance Committee Sub-Committees – Composition and Terms of Reference

Efficiency and Performance-Sub Committee (E&P) Terms of Reference

The Efficiency & Performance Sub Committee was created in 2011 to scrutinise plans for efficiency and performance across all of the City Corporation's departments and the City of London Police. It supports officers to drive value for money in areas such as third-party contracts, budgeting and facilities/asset management, and promotes effective planning - both on a departmental basis and for the Corporation as a whole.

Composition

- A minimum of **nine** and maximum of **13** total Members of the Finance Committee (includes the Chairman and Deputy Chairman of the Finance Committee and the Chairman and Deputy Chairman of the Sub-Committee)

Terms of Reference

- To consider and advise the Grand Committee on matters relating to value for money in all aspects of the City of London Corporation's and the City of London Police's activities
- In accordance with Standing Orders to consider, with the Resource Allocation Sub Committee, the resource allocation plans for subsequent financial years prior to their approval by the Policy and Resources Committee
- To review periodically the performance of each Chief Officer in order to promote efficiency and value for money and to ensure, over a period of time, full Member level scrutiny of all expenditure planned.
- To be responsible for overseeing and monitoring the agreed programme of work arising from saving and efficiency programmes ensuring the achievement of savings and suggesting further areas for examination as appropriate.
- To review and to monitor performance against the Chamberlain's Departmental Business Plan and related corporate initiatives in order to promote efficiency and value for money.
- To make recommendations, where necessary, to bring about improvements in performance

Committee(s)	Dated:
Finance Committee	3 May 2022
Subject: Chamberlain's & Chief Operating Officer's Department Risk Management – Quarterly Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	7
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: Chamberlain and the Chief Operating Officer	For Information
Report authors: Hayley Hajduczek, Head of Chamberlain's Office, Chamberlain's	

Summary

This report is the quarterly update Finance Committee on the risks and their management by the Chamberlain's and Chief Operating Officer's departments. The Senior Leadership Teams regularly review the risks as a part of the management of the respective departments. The Chamberlain's department currently has two corporate risks and one departmental risk on its risk register. The Chief Operating Officer's Department currently has two corporate risks and two departmental risks on its risk register that report to this committee.

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

Recommendation(s)

Members are asked to note the report.

Main Report

Background

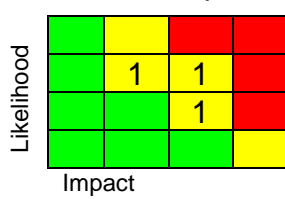
1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings. The report is written jointly by the Chamberlain and the Chief Operating Officer.

2. Chamberlain's risk management is reviewed on a monthly basis at Departmental Senior Leadership Team (SLT) meeting. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within Divisional updates on key issues from each of the Directors and Heads of Service, ensuring that adequate consideration is given to operational risk. The IT division also monitor their risks in this manner at the monthly Management Team meeting.
3. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to respective SLTs when identified.

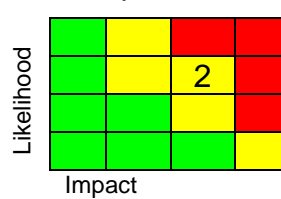
Summary of Risks

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

Current heatmap

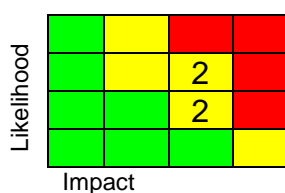


Previous quarter heatmap

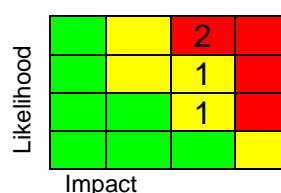


5. The heatmap for all Chief Operating Officer's corporate and departmental risks is as below:

Current heatmap



Previous quarter heatmap



6. The Chamberlain's department currently has two corporate risks and no departmental risk on its risk register, attached as Appendix 1 to this report, assessed as 2 AMBER risks. The CR35 Unsustainable Medium-Term Finances and the CR23 Police Funding risk have now both reached their target risk scores. Chamberlain's department is therefore redrafting the risk to reflect the key risks to fiscal sustainability.
7. The Chief Operating Officer's Department currently has two corporate risks and two departmental risks on its risk register that report to this committee. The following risks are currently on the risk register:

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

8. This risk has been held at its target risk level for some time but many of the risks faced when this risk was originally drafted have now been mitigated. The Chamberlain's department are now working on reframing of this risk as we move

into the monitoring phase. Triggers outlined below will continue to be monitored within this risk alongside Police funding, inflation increases and the effect of the war in Ukraine on finances and sanctions carried out are also being monitored under this risk.

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.

Impact of inflation

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.

CR23 Police Funding (Current Risk: AMBER – reducing)

9. This risk has now reduced below the target risk score due to mitigations being in place. It will therefore will be closed. Any ongoing elements of this risk will continue under the newly reshaped CR35 - Medium term financial risk.

CR 16 – Information Security (Current Risk: AMBER – reducing)

10. The Information Security Risk has reduced to a amber risk due to E5 license implementation. Further security features are being introduced and will continue to be until June. Mandatory training for all staff and members will be rolled out during June 2022. There is a heightened concern with increased attacks from Russian and Belarus based state actions since the start of the Ukraine war.

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

11. The close down of the W drive and steps to move to SharePoint is now complete. Plans to close down further drives containing unstructured data are planned.

12. There is no dedicated resources to support Information Management and data analysis in the current organisational structure but this is planned to be resolved under the Target Operating Model.

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

13. Agilisys Business Continuity/Disaster Recovery plan has been produced and reviewed internally. The plan requires further input relating to Critical Applications and Services and the Recovery Point Objective and Recovery Time Objective from the Lead Architect.

14. A project is underway to replace and install new UPSs to the comms rooms/data centres which will provide greater resilience during intermittent power outages. Issues. Scheduling around electrical testing and public events has led to a delay in project completion.

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

15. IT started the financial year 21/22 with a budget reduction of £1.2m on top of the agreed Fundamental Review Savings of £300k. Following a programme of works to produce savings throughout the year IT ended the year with a £300k overspend. Due to the nature of the savings being realised in year and changes made with the IT Target Operating Model, the full year effect for 22/23 will ensure IT is within its budget envelope going forward. A change to the risk status is expected as we confirm actual versus forecast during May and June 22.

Appendices

- Appendix 1 Chamberlain's Department Detailed Risk Register

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk

Hayley Hajduczek

Head of Chamberlain's Office
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: 14 April 2022



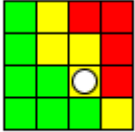
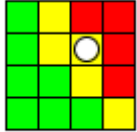

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<div> <div>Page 31</div> <div> <div>135</div> <div>Unsustainable Medium Term Finances</div> </div> </div>	<p>Causes:</p> <p>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</p> <p>Normal course of business unable to function due to COVID 19 restrictions</p> <p>BREXIT compounding market uncertainty and exacerbating the economic downturn.</p> <p>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.</p> <p>Police Transform programme fails to realise the budget mitigations anticipated</p> <p>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>	<div> <div>Likelihood</div> <div>Impact</div> </div>	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 was added in January in light of HRA position. However, none of these have been triggered in February 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 	<div> <div>Likelihood</div> <div>Impact</div> </div>	12	31-Mar-2022	<div><div></div></div>

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. Top up of Covid contingency is being instigated to support impact on 22/23.	Sonia Virdee	14-Apr-2022	31-Mar-2023
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. Multi year cash flowing modelling is incorporated into the City's medium term financial planning modelling. 	James Graham; Sonia Virdee	14-Apr-2022	31-Mar-2023



CR 35c	<p>Increased expenditure related to COVID measures-maximise recovery from government</p> <p><i>Triggers:</i></p> <ul style="list-style-type: none"> Any changes to funding arrangements below the baseline 	<ul style="list-style-type: none"> Maximising recovery from government- spend is being coded and monitored. Total claim of £11.9m for 20/21 lost fees & charges income on City Fund. This scheme has been extended to cover Q1 of 21/22 and a claim has been made for £3.2m. Furloughing workers where appropriate has been done recovering £6.6m to end of June 21. 	Sonia Virdee	14-Apr-2022	31-Mar-2023
CR 35d	<p>Inability of occupiers to pay rates as their income falls as business models are damaged.</p> <p>A reduction in demand for office space in the square mile, leading to lower occupation and business rate income.</p> <p>The Corporation is currently benefitting from growth in business rates retained income of c£40m.</p> <p>Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool.</p> <p><i>Triggers</i></p> <ul style="list-style-type: none"> Change to business rate reset (further deferral will result in a positive impact). Shift from commercial to residential (hot off the press). Reduction in Rateable Value (the risk is minimal). Changes to methodology in business rate calculations. Alternative funding sources e.g. sales tax. 	<p>Monthly monitoring in place. The impact of COVID-19 has been to lower the collection rate for business rates. — The in year collection rate figure is £95.29%, which is 0.97% (94.37%) up on last year and only 2.07% down on 2019/20 (97.36%).</p> <p>The Govt is also allowing authorities to spread the impact of 20/21 business rate deficits over 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.</p> <p>There has been an increase in the amount of empty property resulting in more relief being claimed.</p> <p>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. The Covid Additional Restriction Relief scheme (CARF) will provide approximately £64m relief to business rate bills.</p> <p>Impacts will continue to be monitored.</p>	Phil Black	20-Apr-2022	31-Mar-2023
CR 35e	<p>Impact on investments: securities/property</p> <p><i>Triggers:</i></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 declined during 2022 Q1, in line with financial markets in general, following several successive quarters of growth. Financial markets have sold off in response to rising inflation levels and expectations that monetary policy will need to be tightened to mollify price rises. Our asset allocation strategy is set with reference to long term capital market expectations and performance will be volatile during the shorter term business cycle. As at 28 February 2022 (the latest performance information available), the Pension Fund, City's Cash and BHE portfolios had generated annual growth of +6.1%, +6.2% and + 6.4%, respectively. . 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 £4.2bn. 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 	Nicholas Gill; James Graham	14-Apr-2022	31-Mar-2023

		<p>(June 2021 quarter estimate). Over the 4 year forecast period the total rents are expected to increase to some £136.730m pa.</p> <ul style="list-style-type: none"> • The investment property portfolio vacancy rate as at 1st December 2021 represents 2.91% which is lower than the City and West End vacancy rate of 8% and 7% respectively (as reported by JLL). There was an increase of 223,749 sq.ft. compared to 1st June 2021 which relates to the vacant possession on the 10 properties on the Salisbury Square development site. • The total arrears for the investment property portfolio as at March Quarter Day –1 (24/03.2022) stand at 11.46% or £20.25m - a reduction of circa £2m from the previous quarter (against a target of 1.5%). The Government Moratorium against taking enforcement action for non payment of rent etc expired at the end of March 2022 .although lockdown arrears will be ringfenced against action.. Landlords are encouraged to reach a commercial settlement with tenants prior to a binding arbitration process. 			
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. • The Finance Committee received the overall financial position on 15th February 2022. • On 10th March 2022 the Court of Common Council approved the budget estimates for CF and CC, including (CF only) 0.4p increase in BRP; 1% increase in social care to address the MTFP gap. 	Caroline Al-Beyerty; Sonia Virdee	14-Apr-2022	31-Mar-2023
CR 35h	<p>To implement the Fundamental Review project plan-TOM</p> <p><i>Triggers:</i></p> <ul style="list-style-type: none"> • <i>Delays/Reduction to 12% savings.</i> • <i>Delays/Reduction to fundamental review savings.</i> 	<ul style="list-style-type: none"> • An exercise is being undertaken and will continue into 22/23 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 across the board. 14 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. • 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. Furthermore, this Committee has received the overall financial position for approval and recommendation to Court of Common Council were approved on 10th March 2022. 	Sonia Virdee	14-Apr-2022	31-Mar-2023

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 / long term reduction in commercial rent • Expenditure risks around recovery of leaseholder contributions Great Arthur house cladding case <p>Inability to fund future major works programme.</p>	<ul style="list-style-type: none"> • There is small upside in the MTFP • Prudent assumptions have been used in forecasting when income from new residential units will come on stream. • Additional sources of capital funding including climate actions funding for major works and 106 housing for new build • Need to monitor identified expenditure risks around recovery of leaseholder contributions • Current works programme prioritised and fully funded as at December 2021. Future works programme following new Asset condition survey will need to be incorporated towards end of the 5-year planning period. • Housing 30 year Business Plan to be updated by the department by September 2022 alongside a review of existing risks'. Interim update report will go to Housing Sub Committee in May 2022. 	Mark Jarvis; Paul Murtagh	14-Apr-2022	31-Mar-2023
CR 35j	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on revenue • Rising inflationary pressures on construction and labour costs 	<ul style="list-style-type: none"> • The Court of Common Council approved the MTFP on 10th March 2022, this included the following mitigations relating to inflation: <ol style="list-style-type: none"> 1) Inflation contingency held: 3% 22/23 and 1% 23/24 (23/24 includes 2% inflation increase within departments); 2) CF - £3m contingency ringfenced for construction inflation under Major Projects reserve. 3) CC - £1m contingency ringfenced for construction inflation under capital programme. 	Sonia Virdee	14-Apr-2022	31-Mar-2023
CR35k	The effect of the war in Ukraine on finances and sanctions carried out.	Department of Community & Childrens Services are monitoring the likely demands on services caused by the situation in Ukraine. The experience with Afghan refugees was that the related costs were fully funded by central government grants, although this will not necessarily be the position with the Ukraine.	Sonia Virdee	01-Apr-2022	31-Mar-2023
CR35l	Police Funding Risk	To monitor and manage residual risks to the Police MTFP post-BRP increase (including increased inflation, mitigation delivery risks and new areas of pressure or grant reduction).	Alistair Cook	14-Apr-2022	31-Mar-2023

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 21-Nov-2016 Caroline Al-Beyerty	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.	 Likelihood	8	This risk will now be managed under CR35 medium term financial risk as mitigations are now in place reducing the overall risk score from 12 to 8. 14 Apr 2022	 Likelihood	12	31-Mar-2022 Accept	 Decreasing

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date

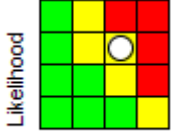


Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB 001 Chamberlain's department transformation and knowledge transfer 12-Nov-2021	Cause: The TOM changes are insufficient or implementation of radical change fails. The flexible retirement scheme has been taken up by many long term colleagues who will all be leaving the corporation by March 2022. The TOM is also creating anxiety which in turn could cause colleagues to find roles elsewhere. Event: Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future. Effect: Chamberlain's Department fails to deliver it's objectives.	 Likelihood Impact	6	The Chamberlain's Department Senior Leadership Team has developed a Target Operating Model proposal which has now been consulted on. SLT have carefully considered all feedback and decision has been taken on the final structure. The final structures have been communicated to the department. This proposal has been developed to ensure that the Chamberlain's Department is fit for the future but is not only reliant on structural changes but cultural changes too. A training plan is under development to provide colleagues with the skills they need to be effective in their roles in the future. The Chamberlains transformation programme is also under development in collaboration with a change partner. 14 Apr 2022	 Likelihood Impact	4	31-Mar-2023	Constant
							Reduce	

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB 001a	Team's are working to ensure they have effective knowledge sharing plans in place particularly where there are members of the team preparing for retirement.	SLT have identified areas where lack of knowledge transfer has a potential to occur, particularly where key roles are held by team members that are preparing to retire. Mitigation plans are in train to retain business knowledge to enable business continuity.			Phil Black; Hayley Hajduczek; Kate	14-Apr-2022	31-May-2022

			Limna; Matt Lock; Sonia Virdee		
CHB 001c	Chamberlain's TOM structure design and culture is fit for purpose.	The Chamberlain's target operating model has been carefully designed by SLT and consultation has concluded. Feedback has been carefully considered and final structures have been decided upon. The structure has been built to ensure capacity is in place where it is required. Cultural change plans are to be developed to ensure effect transformation is delivered to maximise the effectiveness of the new proposed structure.	Hayley Hajduczek	14-Apr-2022	31-Mar-2023
CHB001b	Colleagues are provided with the training they need to fulfil their role.	A departmental training plan is being developed to ensure colleagues have the skills they need in order to effectively perform within the new structure.	Mark Jarvis	14-Apr-2022	31-May-2022
CHB001d	Vacancies to be filled	<p>Due to the recruitment moratorium the Chamberlain's department now holds a significant number of vacancies, compounded by staff turnover which is impacting on capacity. Due to the TOM and capacity of our HR colleagues alongside Chamberlain's reduced capacity means that recruitment is slower than usual. Shortages in the market for some areas means that some roles will be more difficult to recruit to. Due to the pandemic the department do not currently have a pipeline of graduate trainees.</p> <p>Chamberlain's is prioritising key roles to be permanently recruited to. Where required specialist agencies will be enlisted to head hunt relevant skills. The Chamberlain's transformation programme will ensure the graduate trainee programme is relaunched to ensure this is not a gap in the future. Advanced apprenticeships will also be explored.</p>	Phil Black; Hayley Hajduczek; Kate Limna; Matt Lock; Sonia Virdee	19-Apr-2022	30-Jun-2022

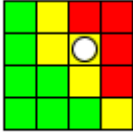
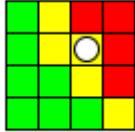

[illegible]

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 – Email Malware protection in place – proceeding with further security functional changes enabled by having E5 licence which we will completing by the end of June	Gary Brailsford-Hart	06-Apr-2022	30-Jun-2022
CR16n	Work on a simulated cyber attack is being planned with the IMS 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	06-Apr-2022	30-Jun-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
CR29 Information Management <div>Page 41</div>	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	Drive closedown and move to Sharepoint completed 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. New role created to lead on IM in the Digital, Information and Technology Team 06 Apr 2022	 Likelihood Impact	6	30-Jun-2022	 Constant
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
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	06-Apr-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	06-Apr-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 – training being delivered during April and May	Nick Senior	06-Apr-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	06-Apr-2022	30-Jun-2022
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB IT 031 IT Revenue Budget 10-May-2021 Sean Green	Cause: The IT Service is subject to a budget reduction of £1.2m in 21/22 or 12% having had this agreed in early March 2021. Event: The planned action programme does not deliver the required level of savings within the timeframe set by the City Corporation/Finance Committees Effect:. The IT budget will be overspent in 2021/22 The services provided by IT to the organisation will need to be descoped to save costs and this may have a downstream impact for the organisation to deliver successful outcomes in front line services.	Likelihood  Impact	12	IT started the financial year 21/22 with a budget reduction of £1.2m on top of the agreed Fundamental Review Savings of £300k. Following a programme of works to produce savings throughout the year IT ended the year with a £300k overspend. Due to the nature of the savings being realised in year, the full year effect for 22/23 will ensure IT is within its budget envelope going forward 06 Apr 2022	Likelihood  Impact	12	30-Jun-2022	 Decreasing

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB IT 031b	Prepare and execute the IT savings plan for 21/22 with agreement from relevant stakeholders in the organisation	Savings plan implemented along with a new TOM. Will review actual vs forecast during May and June 22. Ongoing- review process as part of bi-lateral.			Sean Green	06-Apr-2022	31-Jun-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
CHB IT 004 Business Continuity 30-Mar-2017 Sean Green Page 44	Cause: A lack of robust infrastructure and restore procedures are not in place on aging infrastructure. Secondly, there is a lack of resilient or reliable Power services or Uninterruptable Power Supply (UPS) provision in multiple Comms rooms and datacentres in COL and COLP buildings. Event: The IT Division cannot provide assurance of availability or timely restoration of core business services in the event of a DR incident or system failure. There will be intermittent power outages of varying durations affecting these areas/buildings. Effect: The disaster recovery response of the IT Division is unlikely to meet the needs of COL leading to significant business interruption and serious operational difficulties. <ul style="list-style-type: none"> • Essential/critical Systems or information services are unavailable for an unacceptable amount of time • Recovery of failed services takes longer than planned • Adverse user/member comments/feedback • Adverse impact on the reputation of the IT division/Chamberlain's Department 	 Likelihood Impact	8	The draft BCDR plan has been produced but requires further input relating to Critical Apps and Services and the Recovery Point Objective (RPO) and Recovery Time Objective (RTO) from the Lead Architect to complete and communicate 06 Apr 2022	 Likelihood Impact	4	31-Oct-2021	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 004n	Produce IT-wide BC/DR Plan	The first draft of the BCDR Plan has been received, The Standard offered RPO and RTO for Azure-hosted apps have been added. This now needs communication with the business for feedback.	Matt Gosden	06-Apr-2022	31-Jan-2022
CHB IT 004O	UPS Project Delivery	The Comms room which supports the Guildhall Yard East has been added to the scope. The first of four comms rooms is complete. Issues with scheduling around electrical testing and public events has led to a delay in the project. The next room is scheduled for the 23rd and 24th April. The last two rooms are scheduled for completion by the 15th June 2022.	Matt Gosden	06-Apr-2022	28-Feb-2022

Committee(s): Finance	Dated: 3 May 2022
Subject: Interest Rates for Loan Facilities - Review	Non-Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
N/A	Y/N
Report of: The Chamberlain	For Decision
Report author: Kate Limna – Chamberlain's Department	

NOT FOR PUBLICATION

This report is exempt by virtue of the paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. Specifically, 3 the report contain sensitive information which may be exempted under the Act, and as this cannot be presented to Members as a separate appendix this report needs to be considered in closed session. It is considered that information falling under the following paragraphs outweighs the public interest in disclosing information:

3	Information relating to the financial or business affairs of any particular person or body (including the authority holding that information).
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Summary

From time to time the City of London Corporation has provided a loan facility to the institutional departments and third party bodies within the City of London Corporation 'family', e.g. sponsored academies and the Museum of London, to fund works with the terms of the loan being dependent on market conditions at that time.

The Finance Committee last considered this matter in May 2021 and agreed that the rates should be reviewed at least annually depending on the volatility of interest rates.

This report recommends that the interest rate for loan facilities for City's Cash remains at 2.35% whilst for City Fund the interest rate should be the PWLB rate for the relevant tenure prevailing on the date the loan is agreed and that these rates should remain in place for the next 12 months.

Recommendation(s)

Members are asked to agree that

- (i) the interest rate for loan facilities for City's Cash should remain at 2.35%;
- (ii) the interest rate for loan facilities for City Fund should be the PWLB rate for the relevant tenure prevailing on the date the loan is agreed; and
- (iii) that these rates should be reviewed in 12 months' time .

Main Report

Background

1. The City Corporation has provided loan facilities or draw down cash advance (loan) support to fund works to the Museum of London, the City's three schools, the City of London Police (for Action Fraud) and ULEZ vehicle loans. The terms of the loans and the interest charged have depended on the circumstances at the time the loans were made. Ultimately the decision to provide a loan facility and the terms (such as amount and duration) rest with the Resource Allocation Sub and Policy & Resources Committee with the rate of interest charged being advised by the Finance Committee.
2. In May 2019, the Finance Committee considered a report on the rate of interest that might be charged on future loan facilities. Members resolved
 - The costs of borrowing are 'passported' to internal departments including institutional departments.
 - The proposed interest rate principles are used when the City of London Corporation agrees to provide a loan facility:
 - Interest rate: (to be determined by fund and by the length of loan term requested);
 - Arrangement fee: a proportion of the fee incurred by the City of London Corporation for borrowing will be charged.
 - The actual rate and arrangement fee are to be determined by the Chamberlain and agreed under delegated authority by the Town Clerk in consultation with the Chairman and Deputy Chairman of the Finance Committee.
 - These rates are reviewed at least annually depending on the volatility of interest rates.
 - For third parties, but part of the City of London Corporation 'family' and wholly/partly owned subsidiaries, loans will be made on a commercial basis at a rate to be determined based on the individual circumstances of the request.
3. The principles referred to above were:
 - i. Fixed Rate (City Fund): PWLB Rate, based on the rate achieved at the time the loan is taken out;
 - ii. Fixed Rate (City's Cash): Private Placement Rate, based on the rate achieved at the time the loan is taken out.

Current Position

4. Following the successful completion of the City's Cash Private Placement offering in July 2019, the Chamberlain reviewed the tenures and rates payable over the period of this private placement and taking account of the costs of undertaking the borrowing, the fixed rate of interest that should be charged for City's Cash borrowing is 2.35%. This included an element for an arrangement fee.

5. It should be noted that the City Corporation is unable to loan funds to academy schools and charge interest. The Education Funding Agreement between the City Corporation and the Department for Education specifically prohibits this.
6. For City Fund, it was envisaged that the Public Works Loans Board (PWLB) rates would be used.
7. At your meeting in May 2021 it was agreed that the following rates should apply and that they should be reviewed on an annual basis:
 - the interest rate for loan facilities for City's Cash should remain at 2.35%;
 - the interest rate for loan facilities for City Fund should be the PWLB rate for the relevant tenure prevailing on the date the loan is agreed.

Annual Review

8. There has been no change in the borrowing requirements for City's Cash and it is proposed that the interest rate for City's Cash remains at 2.35%.
9. During 2020 the Government launched a review of the PWLB and consulted various interests on the future lending arrangements (a consultation in which the Corporation participated). With effect from 9am on 26 November 2020, the Government confirmed new lending rules for the PWLB which were principally designed to prevent the controversial activity of borrowing to invest purely for commercial returns. The main changes were as follows:
 - As a condition to access PWLB, local authorities will be asked to submit a high level description of their capital spending plans for the next 3 years.
 - The Section 151 officer (the Chamberlain, in the Corporation's case) will be required to confirm that the local authority has no intention of acquiring investment assets primarily for yield at any time in next 3 years.
 - The PWLB will not lend to any local authority that plans to acquire investment assets primarily for yield anywhere in their capital plans, regardless of whether the transaction would notionally be financed from a source other than the PWLB.
10. It is unclear whether these new rules would prevent the City Fund from accessing PWLB lending. The City Fund's capital plans include expenditure on existing investment assets which HM Treasury may judge to be incompatible with the PWLB's new lending rules. Although the City may not be eligible for PWLB borrowing, given our investment property base, the prevailing PWLB rates remain an appropriate proxy/benchmark for reasonable borrowing costs for internal loans from the City Fund, which we would aim to achieve through other financing mechanisms such as private placement, as the rates are readily accessible; they relate directly to market conditions (being priced from UK gilt yields); and they are priced on a daily basis.
11. Historically and since November 2012, the City Fund has benefitted from a 20 basis point (0.20%) discount on prevailing PWLB rates known as the "Certainty Rate", which is available to principal local authorities who provide information as required on their long term borrowing and associated capital spending. In previous years

this discount has been reflected in arrangements for internal loan facilities. However as PWLB borrowing is inaccessible for us, it would not be appropriate to use the more favourable “certainty rate” available to local authorities which meet the criteria.

12. The table below sets out indicative (annuity) rates as at 13 April 2022. It should also be noted that borrowing from the PWLB does incur fees of £0.35 per £1,000 or part thereof borrowed, with a minimum fee of £25.

	5 Years	10 Years	15 Years	25 Years
Rate (%)	2.55	2.66	2.76	3.00

13. The cost of external borrowing will vary dependant on the source of debt. For City Fund, the most likely source would have been from the (PWLB), however the current rules around PWLB borrowing make it unlikely that the City would have access to this source of borrowing. An alternative would be to focus on the opportunity cost of lost income through internal borrowing. In the present climate, officers consider that using the prevailing PWLB rates will effectively compensate the City Fund for lost investment income and recommend that for City Fund interest is charged at the PWLB rate for the relevant tenure prevailing on the date the loan is agreed.

Conclusion

14. The decision to provide loan facilities falls to the Resource Allocation Sub Committee and Policy & Resources Committee, whilst the rate at which the loan is charged, falls to the Finance Committee to determine. Members are asked to agree the interest rate for City’s Cash remains at 2.35% whilst for City Fund the interest rate should be the PWLB rate for the relevant tenure prevailing on the date the loan is agreed. These rates will be reviewed in 12 months’ time.

Background Papers

Interest Rates for Loan Facilities – Finance Committee (2 May 2017)
Interest Rates for Loan Facilities – Finance Committee (21 May 2019)
Interest Rates for Loan facilities – Finance Committee (Delegated May 2020)
Interest Rates for Loan Facilities – Finance Committee (19 May 2020)
Interest Rates for Loan Facilities – Finance Committee (11 May 2021)

Kate Limna

Corporate Treasurer – Chamberlain’s Department

T: 020 7332 3952

E: kate.limna@cityoflondon.gov.uk

Committee(s): Finance Committee	Dated: 03 May 2022
Subject: Central Contingencies 2022/23	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 Decision
Report author: Amanda Luk, Senior Accountant, Financial Services Division	

Summary

This report has been produced to provide Members with an anticipated year-end position for 2021/22 Contingencies and an update on the uncommitted balances for 2022/23 Contingencies.

Of the previous allocations agreed by Committee, a sum of £358,000 from City Fund Contingency and £153,000 from City's Cash Contingency will be required in future years. Therefore, it is proposed that these sums are carried forward from 2021/22 to 2022/23, thereby ensuring that a full year's contingency provision is available during 2022/23.

Due to the expected increase in revenue pressures in 2022/23, it is proposed that the uncommitted balances are carried forward from 2021/22 to 2022/23.

Recommendation(s)

Members are asked to agree to carry forward sufficient resources of £511,000 to meet existing allocations and £331,000 to meet expected increased revenue pressures thereby providing sufficient Central Contingencies for funding requirements that may arise during 2022/23.

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

2021/22 Contingency Balances

3. The year-end position of the 2021/22 Central Contingencies and National and International Disaster Fund are set out in Tables 1 and 2 respectively. Appendix 1 provides details of the sums the Committee has previously allocated from the 2021/22 Contingencies

	City's Cash £'000	City Fund £'000	Total £'000
2021/22 Provision	950	800	1,750
2020/21 Provision brought forward to fund allocations agreed in previous financial years	0	206	206
Total Provision	950	1,006	1,956
Less Allocations			
2021/22 financial year	(716)	(398)	(1,114)
To be carried forward to fund allocations agreed in 2021/22	(153)	(358)	(511)
For future financial years to be carried forward	(81)	(250)	(331)
Total Allocations	(950)	(1,006)	(1,956)
Uncommitted Balances	0	0	0

Table 2: 2021/22 National and International Disaster Fund	
	City's Cash £'000
2021/22 Provision	125
Top up during the year	250
Less Allocations	
2021/22 financial year	(375)
For future financial years to be carried forward	0
Uncommitted Balances	0

4. Of the previous allocations agreed by Committee, a sum of £511,000 as listed below will be required in future years. Therefore, it is proposed that these sums are carried forward from 2021/22 to 2022/23, thereby ensuring that a full year's contingency provision is available during 2022/23.
 - £204,000 towards an appeal regarding GLA roads from City Fund Contingency
 - £307,000 towards the Bridges Feasibility survey split equally between City Fund and City's Cash Contingencies to support the City's work across all its functions on suicide prevention.
5. Members will note that there is expected increased revenue pressures that may arise during 2022/23. Although measures have been taken in the 2022/23 budget as and part of medium-term financial planning, the external environment is becoming increasingly more challenging, especially for inflationary pressures. Therefore, it is proposed that the uncommitted balance of the Central Contingencies is carried forward to meet these pressures.

2022/23 Contingency Balances

6. If the proposed sums to be carried forward are agreed, the uncommitted balances that are available for 2022/23 Contingencies are set out in the table below.

	City's Cash £'000	City Fund £'000	Total £'000
General Contingencies			
2022/23 Provision	950	800	1,750
2021/22 Brought forward	234	608	842
Total Provision	1,184	1,408	2,592
Previously agreed allocations	(153)	(358)	(511)
Uncommitted Balance	1,031	1050	2,081
National and International Disasters			
2022/23 Provision	125	0	125
2021/22 Brought forward	0	0	0
Total Provision	125	0	125
Previously agreed allocations	0	0	0
Uncommitted Balance	125	0	125

7. In the case of a request for additional funding for a project that affects all three funds, the Bridge House Estates Board would approve its portion of any such joint project. All requests specific to BHE only are considered solely by the BHE Board.
8. At the time of preparing this report, there are no requests for allocations from contingency funds elsewhere on the agenda.

Conclusion

9. Members are asked to agree to carry forward resources of £511,000 to meet existing allocations and £331,000 to meet expected increased revenue pressures thereby providing sufficient Central Contingencies for funding requirements that may arise during 2022/23.

Appendices

- Appendix 1 – 2021/22 Contingencies
- Appendix 2 – 2022/23 Contingencies

Amanda Luk

Senior Accountant

Financial Services

T: 020 7332 1372

E: Amanda.Luk@cityoflondon.gov.uk

2022/23 Contingency – City Fund

Date Approved	Description	Responsible Officer	Allocation £	Balance £
11 May 2021	2022/23 Provision	C&CS/CS	204,000	800,000
	2021/22 Provision brought forward to fund allocations agreed in previous years			608,000
	Total Provision			1,408,000
	Funding of £223,000 towards the ongoing GLA roads lands dispute with TfL. Including this sum the total amount awarded will be £745,000. A sum of £19,000 has been transferred in 2021/22 with the remaining unallocated balance to be carried forward to 2022/23			
25 Jan 2022	Total funding of £307,000 from City's cash and City Fund Contingencies to support the City Corporations work on suicide prevention at the Bridges.	COO	154,000	
	Total allocations agreed to date			358,000
	Balance remaining prior to any requests that may be made to this meeting			1,050,000

2022/23 Contingency – City's Cash

Date Approved	Description	Responsible Officer	Allocation £	Balance £
25 Jan 2022	2022/23 Provision	COO	153,000	950,000
	2021/22 Provision brought forward to fund allocations agreed in previous years			234,000
	Total Provision			1,184,000
	Total funding of £307,000 from City's cash and City Fund Contingencies to support the City Corporations work on suicide prevention at the Bridges			
	Total allocations agreed to date			153,000
	Balance remaining prior to any requests that may be made to this meeting			1,031,000

2022/23 National & International Disasters Contingency – City’s Cash

Date	Description	Responsible Officer	Allocation £	Balance £
	2022/23 Provision			125,000
	2021/22 Provision brought forward			0
	Total Provision			125,000
	Total allocations agreed to date			125,000
	Balance remaining prior to any requests that may be made to this meeting			125,000

Key to Responsible Officers:

CS – City Surveyor

C&CS – Comptroller and City Solicitor

COO – Chief Operating Officer

Committee(s)	Dated:
Finance Committee	3 rd May 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 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 1: Emergency Relief - Tonga Appeal (Delegated Authority – 21st February)

Background

By request of the Chairman of the Finance Committee, officers explored options of making a donation to support Aid efforts in Tonga. From discussions with International Partners the International Federation of Red Cross (IFRC) & Red Crescent coordinated fundraising to support work on the ground. The British Red Cross outlined that they would be happy to accept a donation on behalf of the IFRC, as they coordinated support with major donors in the UK.

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

Further information on the Appeal is below:

Tonga: Volcanic eruption and tsunami

In the Pacific, the country of Tonga was cut off from the rest of the world after an enormous volcanic eruption and subsequent tsunami hit the country on Saturday 15 January 2022. All communication lines in the country were disrupted for more than three days. Communication lines started to slowly restore with limited connectivity in some parts of the country.

There was significant damage to homes with some houses completely wiped out as well as infrastructure on the west coast of Tongatapu island, not far from the Tongan capital.

Thousands of people do not have access to safe and clean drinking water due to the saltwater flooding from the tsunami and widespread ashfall from this volcanic eruption, one of the biggest on record in the South Pacific.

This disaster also created a double burden for communities amid the social and economic hardships caused by the COVID-19 pandemic. While Tonga has so far escaped the worst of the health impacts of the virus, people affected by the volcanic eruption and tsunami are already facing severe hardships because of the economic impacts of COVID-19, including reduced tourism and other income. The impact of COVID-19 has left many households with little economic security, and this recent disaster has further compounded the hardships, destroying crops and fishing equipment, sweeping away the livelihoods of families on many islands.

The Red Cross response

Tonga Red Cross staff and volunteers, have been assisting people from the moment the tsunami alert was triggered, and are ramping up the delivery of drinking water, temporary shelters and other critical relief supplies across the country's many islands.

There are currently ten Tonga Red Cross staff and 70 Red Cross volunteers mobilised to respond to the disaster. Prepositioned relief supplies for **1200** households are being distributed, including blankets, shelter kits and kitchen sets.

The IFRC emergency appeal aims to provide urgent assistance including safe water, tarpaulins, shelter materials- including tool kits to rebuild, household items- including kitchen cooking sets and hygiene kits and the IFRC is mobilising resources to initially support **3300** more households.

There are grave concerns that the tsunami and ashfall has damaged safe water supplies and food crops for thousands of people across Tonga. Trained Red Cross teams are responding to this concern, providing access to safe water as many drinking water sources have been affected by ashfall from the volcanic eruption and salt water from the tsunami. Coordinating with local authorities, Red Cross is providing hygiene kits and working with communities to reduce the risks of water-borne diseases, such as diarrhea and malaria.

The Red Cross is also supporting communities as they get back on their feet. Tonga Red Cross teams are already distributing supplies including key relief items such as shelter tool kits and tarpaulins to help people with temporary shelter and to start rebuilding their homes.

RESOLVED – That the Town Clerk, in consultation with the Chairman and the Deputy Chairman, approved a donation of £25,000, to be sourced from the International Disaster Fund, to the British Red Cross, on behalf of the International Federation of Red Cross (IFRC) in support of the Tonga appeal.

Subject 2: Emergency Relief – Ukraine Appeal (Delegated Authority – 28th February 2022)

Background

In response to the escalating conflict in Ukraine, officers were asked to explore options to support people effected by the crisis. UNICEF has launched a Ukraine Crisis Appeal and will be supporting children impacted by the conflict.

The City's International Disaster Fund (IDF) has an annual budget of £125,000 available to support appeals of this kind. To date four donations have been made in 2021/22 totalling £100,000 leaving a remaining budget of £25,000.

A donation of £25,000 from the International Disaster Fund was recommended to the UNICEF Ukraine Crisis Appeal.

More Information:

Conflict is escalating in Ukraine, putting millions of children and their families in immediate danger.

More than half a million children in Ukraine are already affected as the conflict in the east of the country enters its eighth year. Homes, schools, water supplies and hospitals are damaged. Landmines pose a major threat to children's lives.

UNICEF is especially concerned for the safety and wellbeing of children who have become separated from their families.

UNICEF has been working around the clock to keep children safe since this conflict began eight years ago. We are helping to make sure that child health and protection services are sustained and families have clean water and nutritious food.

RESOLVED – That the Town Clerk, in consultation with the Chairman and Deputy Chairman, approved a donation of £25,000, to be sourced from the International Disaster Fund to UNICEF, in support of their Ukraine Crisis Appeal.

Contact:

John Cater

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

020 7332 1407

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