

## FINANCE COMMITTEE

Tuesday, 14 June 2022

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 14 June 2022 at 12.45 pm

### Present

#### Members:

Deputy Henry Colthurst (Chairman)	Alderman Robert Hughes-Penney
Deputy Randall Anderson (Deputy Chairman)	Paul Martinelli
Deputy Rehana Ameer	Catherine McGuinness
Shahnan Bakth	Deputy Andrien Meyers
Emily Benn	Eamonn Mullally
Nicholas Bensted-Smith	Deputy Nighat Qureishi
Alderman Professor Emma Edhem	Paul Singh
Alderman Sir Peter Estlin	Deputy Sir Michael Snyder
Sophie Anne Fernandes	Deputy James Thomson
Steve Goodman OBE	Mark Wheatley
Martha Grekos	Deputy Philip Woodhouse
Deputy Madush Gupta	Deputy Keith Bottomley (Ex-Officio Member)
Deputy Ann Holmes	

#### Officers:

John Cater	-
Bob Roberts	- Director of Communications
Caroline Al-Beyerty	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Sonia Virdee	- Chamberlain's Department
Peter Young	- City Surveyor's Department
Genine Whitehorne	- Chief Operating Officer's Department
Lisa Moore	- Chamberlain's
Jack Joslin	- The City Bridge Trust

### 1. APOLOGIES

Apologies for absence were received from James Bromiley-Davis, Deputy Christopher Hayward, Wendy Hyde, Elizabeth King, Deputy Brian Mooney, Tom Sleigh, and James Tumbridge.

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

There were no declarations of interest.

### 3. VOTE OF THANKS

Sir Michael Snyder moved a Vote of Thanks to Jamie Ingham Clark, the immediate past Chairman.

**RESOLVED UNANIMOUSLY:** That the Members of this Committee take great pleasure in expressing to

JAMIE INGHAM CLARK

For the able manner and good humour in which he has presided over their deliberations and the detailed attention and interest he has shown in all aspects of the work of the Finance Committee for the past year.

Jamie has overseen a challenging time for the Corporation's finances with reductions in government funding, COVID pressures, and uncertain times for the British Economy.

The impact of COVID on the Corporation's finances has been significant. One of the first casualties was the demise of the pan London Business Rates Pool due to lower rates collection across London. This pool was at the heart of London's fiscal devolution.

However, out of the ashes Jamie secured, with the then Chair of Policy and seven neighbouring local authority partners a successful application to create an Eight Authority Pool- with the aim of keeping £35m of rates raised in London, in London.

In his year as Chairman, Jamie also ably oversaw a 12% savings programme, in response to the damage to our income streams from the pandemic, ensuring that our medium-term financial plans can continue to support the City's ambitious plans, including Destination City and the three major projects, namely, the Museum move, the combined courts, and the consolidation of our markets on a single site in Barking; in addition, working alongside the Chair of Policy and fellow Committee Chairmen, he ensured that resources were realigned to fund the Corporation's ground-breaking Climate Action Strategy.

Jamie's legacy is one of being tough on spending – 'the envelope is the envelope' was one of his mantra's, but with pragmatism and a heart for protecting services for the most vulnerable in our local communities as well as providing vital support to those caught up in tragedies overseas through our International Disaster Fund.

In his March speech to Court, Jamie said 'we spend on what we value' and asked us to reflect on what our budget tells us about our priorities. There are big decisions to take to ensure that the Square Mile retains its position as the world's most attractive destination for workers, residents and visitors and we will take Jamie's words to heart as we embark on setting our corporate vision for the next five years and aligning resources to those priorities.

AND SO in taking leave of Jamie Ingham Clark as their Chairman, Members of this Finance Committee wish to thank him for his service and excellent

leadership of the Corporation's financial affairs during this challenging period. The Committee gives to him their best wishes for his future health and happiness.

4. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – that the public minutes and non-public summary of the meeting held on 3<sup>rd</sup> May 2022 be approved as an accurate record.

Under matters arising, a Member highlighted that further to the request per item 9 on page 11, the risk scoring matrix methodology had yet to be circulated to the Committee; the Chamberlain responded that she would ensure this information was provided to Members after the meeting.

Separately, a Member asked whether, per item 11 on page 12, the grant from City's Cash of £730,897 to the Housing Revenue Account had been paid yet; the Chamberlain responded that this sum was provided to underwrite the HRA should the claims be made and the criteria for payments be met; she proposed that an update Report be submitted from the Department for Community and Children's Services (DCCS) to Finance Committee in six months' time.

The Chairman informed Members that, further to discussions at the recent meeting of the Policy & Resources Committee, he now had greater flexibility to delegate some of the roles on other Committees to which he is appointed to by dint of his position as Chairman of the Finance Committee.

As a result, Nick Bensted-Smith has now been appointed to the Civic Affairs Sub-Committee in the Chairman's stead.

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

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

The Chamberlain proposed that, given the introduction of the Digital Services Committee as a stand-alone Grand Committee after the recent Governance Review, the IT Division quarterly updates should no longer come to the Finance Committee. She also proposed that the two remaining quarterly updates with Finance Committee oversight, namely, the Chamberlain's Business Plan Quarterly Update and the City Procurement Quarterly Update be amalgamated and submitted on a quarterly basis at the Finance Committee meetings in January, April, July, and October. The Committee supported these proposals.

**RESOLVED** – that the Committee noted the Report.

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

The Committee considered 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.

In response to a query, new Members were provided with the background and rationale for the establishment of the Operational Property and Project Sub-Committee (OPPSC).

The Chairman informed Members that there was a discussion at the recent OPPSC meeting about whether the Sub-Committee's officer delegation threshold levels could be increased; this would be considered further in conjunction with the Policy and Resources Committee.

The Chairman also informed the Committee that, during its meeting, Members of the Financial Investment Board (FIB) had considered changing term limits for Members to sit on the Board from one year to a three- or four-year term; a request would be made to the Policy and Resources Committee in due course.

**RESOLVED** – that the Committee noted the Report.

**7. CHAMBERLAIN'S & CHIEF OPERATING OFFICER'S DEPARTMENTAL RISK MANAGEMENT - MONTHLY REPORT**

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

As per the discussion in item 5, the Chamberlain proposed that the risks associated with IT should, going forward, be reported into the Digital Services Committee as opposed to the Finance Committee; she assured Members, however, that if an IT related Risk did emerge which had a material impact on the City's finances, it would be brought to the Finance Committee's attention in good time.

In addition, the Chamberlain highlighted the updated Unsustainable Medium-Term Finances Risk (CR35); the two key current drivers for this Risk are the ongoing inflationary pressures across the economy and the state of the post-pandemic recovery.

In response to Members raising concerns about whether an amber score (12) for CR35 was sufficient given the deteriorating inflationary situation, the Chamberlain stressed that officers were remaining highly vigilant on this issue, she also highlighted that, whilst the amber score was predicated on there being mitigations in place to meet the challenge in the immediate term, consideration would need to be given to how to continue to try to mitigate the challenge in 2023/24, especially if inflation continued to be a factor into 2023 as was the expectation of the Bank of England.

The Chamberlain added that Members of the Resource Allocation Sub-Committee would be looking at this in depth at their Away Day on Friday 17<sup>th</sup> June.

In response to a separate query concerning the Employer contributions to the City's Pension Scheme, the Chamberlain highlighted the upcoming Actuarial Review; she informed Members that, in each of the last seven years, the

Corporation had been able to hold its contribution at the same rate; if the Actuarial Review should come back with changed assumptions, then we will have to act accordingly; an update will be submitted in due course to the Pensions Committee and the Finance Committee thereafter.

A Member queried whether it was viable that some Risks in the Report, which had current scores of 12, would achieve their target of being reduced to 2 in the short timeframe projected. In addition, some included delivery dates within the next two weeks. The Member also pointed out that several Risks were littered with acronyms which, in the absence of an accompanying glossary, was unhelpful to the majority of those that would read this Report. The Chairman and the Chamberlain responded that these issues, in the main, were associated with the IT risks and would liaise with the COO to ensure that these points were picked up in the next Risk Register Report to the Digital Services Committee.

**RESOLVED** – that the Committee noted the Report.

**8. RESPONSIBLE PROCUREMENT POLICY UPDATE**

The Committee considered a Report of the Chief Operating Officer concerning the Responsible Procurement Policy. Noting that the appendices were missing from the Report, the Chairman asked the Committee clerk to circulate these to Members as soon as possible.

Officers informed Members that, at its last meeting on 9<sup>th</sup> June, whilst being generally supportive of the direction of travel, the Policy and Resources Committee decided to defer its approval of this Report due to concerns about whether the responsible procurement weighting of 15% was appropriate; officers would be considering these concerns and would be coming back to P&R at its next meeting on 7<sup>th</sup> July with a revised Report.

Consequently, the Chairman proposed that Members provide the Town Clerk, in consultation with the Chairman and the Deputy Chairman, delegated authority to approve the revised Report, on behalf of the Finance Committee once it had been scrutinised by P&R in July.

In response to concerns about the length of the implementation period, officers assured Members that this was required to build in the time to prepare small and micro businesses to meet the expectations and criteria of the Corporation's procurement opportunities.

Separately, reflecting that several local authorities frequently included a 20% weighting, officers clarified that the proposed 15% weighting at the City Corporation should be seen as the base level, and, on a case-by-case basis tenders could include a higher weighting for responsible procurement if appropriate. The base 15% weighting was considered by officers to be, on balance, the optimal level.

Whilst supporting the broad aims in the Report, several Members raised concerns that the small and micro businesses that the City was aiming to work

with would still struggle to achieve the criteria; it was vital that barriers were kept at a minimum, the administration involved was pragmatically applied and was simplified as much as possible, and the City's engagement with potential SME suppliers was ongoing and robust. Public procurement rules were intended to be kept transparent in order to avoid corruption, however, this had resulted in a level of complexity which was wholly unsuitable for small and micro suppliers to navigate successfully, so any attempt to simplify the process, whilst remaining compliant with the rules, was to be welcomed.

In response to these concerns, officers emphasised that, whilst the weighing was important, it was a component of the City's wider efforts to work with small and micro businesses. Simplicity and clear assertive communications were critical, as was taking a realistic approach when going out to tender. Whilst recognising the legal limitations around enforcing positive discrimination when it came to public procurement, Officers were also working on ways in which, on a case-by-case basis, a greater number of suppliers owned and operated by those from ethnic minorities and women were submitting tenders.

**RESOLVED** – that the Committee delegated authority to the Town Clerk, in consultation with the Chairman and the Deputy Chairman of the Finance Committee to approve the recommendations, once these had been considered in a revised Report at the meeting of the Policy & Resources Committee on 7<sup>th</sup> July.

9. **CENTRAL GRANTS UNIT - ANNUAL REPORT**

The Committee received a Report of the Managing Director of Bridge House Estates and Chief Charities Officer concerning the Central Grants Unit (CGU).

In response to a query, officers assured Members that the Grant Management Process was robust, with a comprehensive monitoring and evaluation at key points throughout the year, plus an annual review meeting, in which any agreement for repeat funding in the following year requires the submission of evidence displaying satisfactory compliance with the CGU's processes. It was fair to say that those organisations which received smaller funding would attract a lighter touch monitoring regime than those in receipt of larger grants.

**RESOLVED** – that the Committee noted the Report.

10. **BENEFITS IN KIND - ANNUAL REPORT**

The Committee received a Report of the Managing Director of Bridge House Estates and Chief Charities Officer concerning Benefits-In-Kind (BIK).

In response to a query about why the rate of Benefits-In-Kind had increased over the last 12 months, officers responded that, with the easing out of lockdown and other covid restrictions, the Corporation's facilities have been far more in use over recent months, compared to 2020/21, when, for instance, the Remembrancer's Department had a nil return for BIK. Officers added that from 2023/24, all departments would be required to factor in BIK as a distinct item in their budgeting, so the data collected should be more accurate.

In response to a query about whether a BIK strategy would be forthcoming, officers emphasised that a strategy document was currently being worked up and that contributions from Members by way of comments and suggestions would be welcome. A Member requested that consideration be given to ensuring that any strategy which emerged took the risk of potential conflicts of interest into account. The Chairman thanked the Member for this important point and encouraged other Members to reach out to officers after the meeting.

Separately, a Member asked for more granular detail when it came to the BIK associated with the Barbican (page 66 in the agenda pack); the Report did not specify whether this referred to the Barbican residential estate or the arts centre. Officers would come back to the Member after the meeting with the relevant detail.

**RESOLVED** – that the Committee noted the Report

**11. 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.

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

A Question was raised as follows -

A Member queried whether the recommendations in the annual Budget Report in relation to the Medium-Term Financial Plan had been implemented.

The Chamberlain responded that the majority of the recommendations have been implemented; several, however, have been impacted by other factors, including the deteriorating economic outlook, and implementation will, therefore, be over longer timeframe. Further discussions will take place at the Resource Allocation Sub-Committee's Away Day on 17<sup>th</sup> June. The Chairman requested that the minutes from the Away Day are provided to the Finance Committee in July as part of a wider discussion on the outlook for the Medium-Term Financial Plan.

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

There were no urgent items.

**14. EXCLUSION OF THE PUBLIC**

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

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

**RESOLVED** – that the non-public minutes of the meeting held on 3<sup>rd</sup> May 2022 were approved as an accurate record.

16. **NON-PUBLIC REPORT OF THE WORK OF THE SUB-COMMITTEES**  
The Committee received a Report of the Town Clerk which advised Members of the key non-public discussions which had taken place during recent meetings of the Committee's Sub-Committees.
17. **NON-PUBLIC APPENDIX TO ITEM 11 (CENTRAL CONTINGENCIES)**  
The Committee noted the non-public appendix to ITEM 11 (Contingencies).
18. **CITY FUND: 21-26 GARLICK HILL, EC4 - SALE OF A LONG LEASEHOLD INTEREST**  
This Report was withdrawn.
19. **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.
20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**  
The Committee considered an item of urgent business relating to West Ham Park.
21. **CONFIDENTIAL MINUTES**  
**RESOLVED** – that the confidential minutes of the meeting held on 3<sup>rd</sup> May 2022 were approved as an accurate record.
22. **IT SERVICE TRANSITION PROGRAMME**  
This Report was withdrawn.

**The meeting ended at time not specified**

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Chairman

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