



Finance Committee

Date: TUESDAY, 19 JULY 2022

Time: 12.45 pm

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

Members:

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

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Accessing the public meeting

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<https://youtu.be/r2WXVv0VSXo>

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**John Barradell
Town Clerk and Chief Executive**

AGENDA

Part 1 - Public Agenda

1. APOLOGIES

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

3. MINUTES OF THE PREVIOUS MEETING

To agree the public minutes and non-public summaries of the meeting held on 14th June 2022.

For Decision
(Pages 9 - 16)

4. FINANCE COMMITTEE'S FORWARD PLAN

Report of the Chamberlain.

For Discussion
(Pages 17 - 18)

5. DRAFT PUBLIC MINUTES FROM THE PROPERTY INVESTMENT BOARD - 20TH JUNE 2022

For Discussion
(Pages 19 - 24)

6. DRAFT PUBLIC MINUTES FROM OPERATIONAL PROPERTY AND PROJECTS SUB-COMMITTEE - 21ST JUNE 2022

For Discussion
(Pages 25 - 30)

7. EFFICIENCY AND PERFORMANCE SUB COMMITTEE - ROLE AND WORK PROGRAMME

Report of the Chamberlain.

For Decision
(Pages 31 - 38)

8. **CHAMBERLAIN'S DEPARTMENTAL RISK MANAGEMENT - MONTHLY REPORT**
Report of the Chamberlain.
For Discussion
(Pages 39 - 44)
9. **2021/22 PROVISIONAL OUTTURN**
Report of the Chamberlain.
For Decision
(Pages 45 - 52)
10. **CAPITAL AND SUPPLEMENTARY REVENUE PROJECT OUTTURN 2021/22 FOR CITY FUND AND CITY'S CASH AND PRUDENTIAL INDICATORS**
Report of the Chamberlain.
For Information
(Pages 53 - 58)
11. **REVENUE OUTTURN 2021/22 - FINANCE COMMITTEE - OPERATIONAL SERVICES**
Joint Report of the Chamberlain, the Chief Operating Officer, the Town Clerk, the City Surveyor, the City Remembrancer, and the Director of Community and Children's Services
For Discussion
(Pages 59 - 70)
12. **BUDGET MONITORING Q1 2022/23**
Report of the Chamberlain.
For Discussion
(Pages 71 - 74)
13. **KEY INCOME COLLECTION UPDATE**
Report of the Chamberlain.
For Discussion
(Pages 75 - 80)
14. **CHAMBERLAIN'S BUSINESS PLAN QUARTER 1 UPDATE**
Report of the Chamberlain.
For Discussion
(Pages 81 - 88)

15. **CENTRAL CONTINGENCIES**

Report of the Chamberlain.

To be read in conjunction with ITEM 33 (Non-Public Appendix - Contingencies)

For Discussion
(Pages 89 - 92)

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

Report of the Town Clerk.

For Information
(Pages 93 - 94)

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

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

19. **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

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

To agree the non-public minutes of the meeting held on 14th June 2022.

For Decision
(Pages 95 - 96)

21. **DRAFT NON-PUBLIC MINUTES FROM THE PROPERTY INVESTMENT BOARD - 20TH JUNE 2022**

For Information
(Pages 97 - 100)

22. **DRAFT NON-PUBLIC MINUTES FROM OPERATIONAL PROPERTY AND PROJECTS SUB-COMMITTEE - 21ST JUNE 2022**

For Information
(Pages 101 - 106)

23. **PROVISION FOR BAD AND DOUBTFUL DEBTS**

Report of the Chamberlain.

For Discussion
(Pages 107 - 114)

24. **CHAMBERLAIN'S FINANCIAL OUTLOOK**

The Chamberlain to be heard.

For Discussion

25. **HEATHROW ANIMAL RECEPTION CENTRE - FORWARD PLAN**

Report of the Executive Director, Environment.

For Decision
(Pages 115 - 128)

26. **MUSEUM OF LONDON PAY AWARD**

Report of the Director of the Museum of London.

For Decision
(Pages 129 - 132)

27. **INTEGRATED FACILITIES MANAGEMENT FRAMEWORK AWARD**

Report of the City Surveyor.

For Decision
(Pages 133 - 144)

28. **CITY FUND - 95 QUEEN VICTORIA STREET - HEADLEASE VARIATION**

Report of the City Surveyor.

For Decision
(Pages 145 - 152)

29. **CITY FUND - 21-26 GARLICK HILL, EC4 - SALE OF A LONG LEASEHOLD INTEREST**

Report of the City Surveyor.

For Decision
(Pages 153 - 154)

30. **CITY'S ESTATE : MAJOR REFURBISHMENT / EXTENSION OF THE COURTYARD - 1 ALFRED PLACE BUILDING IN TOTTENHAM COURT ROAD, W1. - GATEWAY 3/4 REPORT**

Report of the City Surveyor.

For Decision
(Pages 155 - 170)

31. **CITY'S ESTATE: 22-24 BRUTON LANE, 8-14 GRAFTON ST & 163/164 NEW BOND ST (THE GRAFTON SITE) - LEASE RESTRUCTURE AND DEVELOPMENT AGREEMENT.**

Report of the City Surveyor.

For Decision
(Pages 171 - 178)

32. **CITY'S ESTATE : LEASE RESTRUCTURE FOR A CAPITAL PREMIUM & LEASEHOLD ACQUISITION : NEW BROAD ST HOUSE AND IRONGATE HOUSE**

Report of the City Surveyor.

For Decision
(Pages 179 - 184)

33. **CONTINGENCIES NON PUBLIC APPENDIX**

To be read in conjunction with ITEM 15 (Central Contingencies)

For Discussion
(Pages 185 - 186)

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

Report of the Town Clerk.

For Information
(Pages 187 - 192)

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

36. **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

37. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on 14th June 2022.

For Decision

38. **IT SERVICE TRANSITION**

Report of the Chief Operating Officer.

For Decision

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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)
Deputy Randall Anderson (Deputy Chairman)
Deputy Rehana Ameer
Shahnan Bakth
Emily Benn
Nicholas Bensted-Smith
Alderman Professor Emma Edhem
Alderman Sir Peter Estlin
Sophie Anne Fernandes
Steve Goodman
Martha Grekos
Deputy Madush Gupta
Deputy Ann Holmes

Alderman Robert Hughes-Penney
Paul Martinelli
Catherine McGuinness
Deputy Andrien Meyers
Eamonn Mullally
Deputy Nighat Qureishi
Paul Singh
Deputy Sir Michael Snyder
Deputy James Thomson
Mark Wheatley
Deputy Philip Woodhouse
Deputy Keith Bottomley (Ex-Officio Member)

Officers:

John Cater	- Committee Clerk
Bob Roberts	- Director of Communications
Caroline Al-Beyerty	- Chamberlain
Emma Moore	- Chief Operating Officer
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 3rd 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 this information would be 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 yet been paid; 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 6 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 and advised that the concept 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 recommended that term limits for Members should be extended from one year to a three- or four-year term. He advised that a request would be made to the Policy and Resources Committee in due course should the Property Investment Board (PIB) reach a similar conclusion.

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 IT related risks would, 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 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 how best to mitigate the challenge in 2023/24, especially if inflation remained high.

The Chamberlain added that Members of the Resource Allocation Sub-Committee would be looking at this in depth at their Away Day on Friday 17th 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 advised that, in each of the last 7 years, the Corporation had been

able to hold its contribution at the same rate, but should the Actuarial Review change its core assumptions, then appropriate action will be taken. 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 were largely 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 9th 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 were considering these concerns and would revert to P&R at its next meeting on 7th July with revisions.

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 the time 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 with whom the City was aiming to work 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. Although public procurement rules were intended to be kept transparent the result had produced a level of complexity which was wholly unsuitable for small and micro suppliers to navigate successfully. Therefore, 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 weighting 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 to attract a greater number of suppliers from diverse backgrounds to submit 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 7th 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 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 17th June. The Chairman requested that the presentation from the Away Day be 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 3rd 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 3rd May 2022 were approved as an accurate record.
22. **IT SERVICE TRANSITION PROGRAMME**
This Report was withdrawn.

The meeting ended at 14:10

Chairman

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FINANCE COMMITTEE – WORK PROGRAMME 2022-23

	July-22	Sept-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	March-23	April - 23
Budget Setting Process & Medium-Term Financial Planning	Update on Budget setting approach 22/23			Finance Committee' s Estimate report	Autumn Budget	2023/24 Annual Capital Bids	City Fund Budget Report and Medium-Term Financial Strategy City Cash Budget report and Medium-Term Financial Strategy		
Effective Financial Management Arrangements for The City Corporation	Capital Outturn report21/22 Budget Monitoring Q1 Provision for Bad and Doubtful Debts Revenue Outturn report 21/22 Rental Income and Business Rate update Q1	City Re Limited – performance monitoring	Q2 Budget monitoring	Capital Projects – Forecasting Capital Outturn Q1		Q3 Budget monitoring	Annual on-street parking Accounts 2021/22 and related funding of Highway Improvements and Schemes Revenue Budget monitoring Housing Review Account		Update of Finance Regulations
Financial Statements				City's cash financial statements City's Cash trust funds and sundry trust funds annual reports and financial statements	City Fund and Pension Fund statement of accounts				
Finance Committee as a Service Committee	Central Contingencies Risk Management Monthly Report Chamberlains Business plan Q report	Central Contingencies Risk Management Quarterly Report	Central Contingencies Risk Management Monthly Report City Procurement Q update	Central Contingencies Risk Management monthly report Chamberlains Business plan Q update	Central Contingencies Risk Management Quarterly report	Central Contingencies Risk management – Monthly report City Procurement Q update	Central Contingencies Risk management Monthly report	Central Contingencies Risk Management Quarterly report	Central Contingencies Risk Management Monthly report



PROPERTY INVESTMENT BOARD

Monday, 20 June 2022

Minutes of the meeting of the Property Investment Board held at Guildhall, EC2
on Monday, 20 June 2022 at 11.00 am

Present

Members:

Deputy Andrien Meyers (Chair)
Deputy Randall Anderson (Deputy Chairman)
Deputy Christopher Hayward
Deputy Madush Gupta
Paul Singh
Claudine Blamey

Officers:

Richard Holt	- Town Clerk's Department
Benjamin Dunleavy	- Town Clerk's Department
Ellen Fouweather	- Town Clerk's Department
John James	- Chamberlain's Department
Alan Bennetts	- Comptroller & City Solicitor's Department
Nicholas Gill	- City Surveyor's Department
Andrew Cross	- City Surveyor's Department
Neil Robbie	- City Surveyor's Department
Edmund Tran	- City Surveyor's Department
Graeme Low	- City Surveyor's Department

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Deputy James Thomson and Martha Grekos.

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

There were no declarations.

3. ELECTION OF CHAIRMAN

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29. The Town Clerk informed the Committee that Deputy Andrien Meyers, being the only Member expressing their willingness to serve, was duly elected Chairman of the Property Investment Board for the ensuing year and took the Chair for the remainder of the meeting.

RESOLVED- That Deputy Andrien Meyers be elected Chairman of the Property Investment Board for the ensuing year

4. **ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30. The Town Clerk informed the Committee that Deputy Randall Anderson, being the only Member expressing their willingness to serve, was duly elected Deputy Chairman of the Property Investment Board for the ensuing year.

RESOLVED- That Deputy Randall Anderson be elected Deputy Chairman of the Property Investment Board for the ensuing year.

5. **MINUTES**

The Board considered the public minutes and non-public summary of the previous meeting of the Property Investment Board held on the 21st of January.

The Chair thanked those Members who were no longer on the Board for their service and contribution to the work of the Board and welcomed the new Board Members to their first meeting.

RESOLVED – That the public minutes and non-public summary of the Property Investment Board meeting held on 21st of January be approved as an accurate record.

6. **APPOINTMENT OF CO-OPTED MEMBERS**

The Board considered the appointment of up to two Members of the Court of Common Council to be co-opted to the Property Investment Board.

The Town Clerk informed the Board that, as there had been four expressions of interest in two positions, a ballot would be required. Accordingly, the Board proceeded to vote on the appointment with Sheriff and Alderman Alison Gowman and Deputy Madush Gupta receiving the highest number of votes.

RESOLVED- That Alderman and Sheriff Alison Gowman and Deputy Madush Gupta be appointed as co-opted Members of the Property Investment Board.

7. **TERMS OF REFERENCE**

The Board agreed to discuss the item immediately before Item 8 as the two items had a strong element of interconnection. The Board received its terms of reference as agreed by the Policy & Resources Committee on 5 May 2022.

A Member requested further information on the Board's responsibility for the London Wall West project and questioned whether specific reference to this project should be added to the Board's terms of reference. The Chair explained that the terms of reference were written to capture the work of the Board rather than being project specific. The City Surveyor confirmed that the Board was, and would remain even after Planning approval was sought, the sponsoring committee for the London Wall West project. The Board agreed that a standing item on the London Wall West project be added to the Board's agendas going forward and that a reference to regular monitoring of relevant transformational projects be added to the terms of reference.

Members agreed to remove the line '(one appointment each)' from the sixth bullet point of the Boards terms of reference as this was not applicable to the Board.

Following proposal by the Chair the Board agreed a joint resolution with Financial Investment Board on the terms of reference with reference to Member appointments being for a period of four years, external co-opted Members to be made full voting members of the Board and that provision be made for Board to comment on matters when requested by the Bridge House Estates Board, making clear that the decision making authority for Bridge House Estates investment property is still held by the Bridge House Estates Board.

RESOLVED- That the Board agreed a joint resolution with the Financial Investment Board to the Policy and Resources Committee regarding the Board's terms of reference.

8. TERMS OF REFERENCE AND 2022-23 WORK PROGRAMME

The Committee considered a report of the Town Clerk on the Board's Terms of Reference and 2022-23 Work Programme.

Following a Member's query it was confirmed that the term bimonthly as used in the report referred to the Board meeting every other month rather than twice a month.

RESOLVED- That:-

- I. The Property Investment Board's Terms of Reference be noted; and
- II. That the proposed work programme for 2022/23 be approved; and
- III. That the frequency of meetings is considered appropriate.

9. *CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER -APRIL 2022 UPDATE

The Board received a report of the City Surveyor on the City Surveyor's Department Risk Register April 2022 update.

The City Surveyor noted the key risks for the Board to be made aware of related to recruitment and retention of property professionals and the impact of construction price inflation.

Replying to a Member's question it was observed that the level of remuneration which the City of London Corporation offered was the primary factor impacting the recruitment and retention of property professionals. The Chair commented that the City of London Corporation needed to get both the package offered to prospective candidates and the marketing of opportunities right to resolve this risk. The Deputy Chairman noted that the Market Forces Supplement process was cumbersome in nature and suggested that the Corporate Services Committee consider revising the level of delegation for the Market Forces Supplement.

In response to a Board Member's query, it was confirmed that equality, diversity and inclusion were central to the City Surveyor's recruitment policy.

The City Surveyor, replying to a Member's concern, confirmed that quality and programme were key considerations when appointing contractors. Additionally, the Chamberlain explained that some projects had funds allocated in respect of increased inflation and that, if these allocated funds are not sufficient, then further moneys within the investment portfolio will need to be found. The City Surveyor informed that it was being considered as to whether modifications to the financial metrics in reflection of inflation were appropriate.

Further to a Member's question the City Surveyor confirmed that a response would be brought to the Board on the City of London Corporation's use of alternative procurement routes.

RESOLVED- That the report be noted.

10. ***CITY SURVEYOR'S BUSINESS PLAN 2021-26 QUARTER 3 2021/22 UPDATE**

The Board received a report of the City Surveyor's Business Plan 2021-26 Quarter 3 2021/22 Update.

Responding to a question from the Chair the City Surveyor explained that during the pandemic Key Performance Indicators (KPI) nine, ten and eleven were not reported on but with the partial lifting of the Government's moratorium on enforcement these KPIs would be reported on to the Board. In addition, it was noted that an additional KPI on the progress toward carbon zero would also be added.

RESOLVED- That the report be noted.

11. ***PROGRESS UPDATE - MINIMUM ENERGY EFFICIENCY STANDARDS & NET ZERO CARBON ACTION PLAN FOR INVESTMENT PROPERTY PORTFOLIO**

The Board received a report of the City Surveyor which provided a Progress Update on the Minimum Energy Efficiency Standards and Net Zero Carbon Action Plan for the Investment Property Portfolio.

The Board discussed the challenges in achieving the Minimum Energy Efficiency Standards and Net Zero Carbon Action Plan, noting that there would be an annual report presented to Members on the progression of these programmes. The City Surveyor explained the buildings prioritisation process for the surveys and draft reports in the analysis programme. The Deputy Chairman requested that the Strategic Property Estate be presented as a separate fund to make the distinction clearer in future reports.

The City Surveyor offered to meet provide an induction to the new Members of the Board.

RESOLVED- That the report be noted.

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

The Deputy Chairman requested an update on the London Wall West project.

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

There was no other business.

14. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

Item No.

15-20

Paragraph No.

3

15. **NON-PUBLIC MINUTES**

The Board considered the non-public minutes of the previous meeting of the Property Investment Board held on the 21st of January.

RESOLVED – That the non-public minutes of the Property Investment Board meeting held on the 21st of January be approved as an accurate record.

16. ***ALL FUNDS - RENTAL ESTIMATES MONITORING REPORT (DECEMBER 2021 AND MARCH 2022 QUARTERS)**

The Board received a report of the City Surveyor on the Rental Estimates Monitoring December 2021 and March 2022 Quarters for all funds.

RECEIVED- That the report be noted.

17. ***CITY FUND, CITY'S ESTATE, BRIDGE HOUSE ESTATES AND STRATEGIC PROPERTY ESTATE - ANNUAL VALUATION**

The Board received a report of the City Surveyor on the Annual Valuation for City Fund, Bridge House Estates and Strategic Property Estate Annual Valuation.

RESOLVED- That the report be noted.

18. ***CITY FUND, CITY'S ESTATE AND BRIDGE HOUSE ESTATES: ARREARS OF RENT AS AT MARCH 2022 QUARTER DAY MINUS 1**

The Board received a report of the City Surveyor on the Arrears of Rent at March 2022 Quarter Day Minus 1 for City Fund, City's Estate and Bridge House Estates.

RESOLVED- That the report be noted.

19. **CITY FUND, CITY'S ESTATE & BRIDGE HOUSE ESTATES - QUARTERLY DELEGATED AUTHORITIES UPDATE - 1ST JANUARY 2022 TO 31ST MARCH 2022**

The Board received a report of the City Surveyor on the Quarterly Delegated Authorities Update 1st January to 31st March 2022 for City Fund, City's Estate and Bridge House Estates.

RESOLVED- That the report be noted.

20. ***REPORT OF ACTION TAKEN**

The Board received a report of the Town Clerk regarding the action taken outside of the Board meetings in accordance with Standing Order 41.

RESOLVED-That the report be noted.

21. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There was one question received in the non-public session.

22. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

The Board consider one item of urgent business in the non-public session.

The meeting ended at 12.42 pm

Chair

Contact Officer: Richard Holt
Richard.Holt@cityoflondon.gov.uk

OPERATIONAL PROPERTY AND PROJECTS SUB COMMITTEE

Tuesday, 21 June 2022

Minutes of the meeting of the Operational Property and Projects Sub Committee held at Committee Rooms, West Wing, Guildhall on Tuesday, 21 June 2022 at 11.00 am

Present

Members:

Alderman Timothy Hailes (Chair)
Deputy Rehana Ameer (Deputy Chair)
Deputy Keith Bottomley
Deputy Michael Cassidy
Deputy Shravan Joshi
Deputy Edward Lord
Paul Martinelli
Anett Rideg

Officers:

Sarah Baker	- Chief Operating Officer's Department
Rohit Paul	- Chief Operating Officer's Department
Sam Collins	- Chief Operating Officer's Department
Jason Hayes	- Community & Children's Services Dept.
Ian Hughes	- Environment Department
Jo Hurst	- Open Spaces Department
Sam Lee	- Environment Department
Ola Obadara	- City Surveyor's Department
Rachel Vipond	- City of London Police
Sonia Virdee	- Chamberlain's Department
Peter Young	- City Surveyor's Department
Joseph Anstee	- Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Deputy Henry Colthurst and Deputy Christopher Hayward. Apologies for lateness were received from Deputy Randall Anderson.

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

Anett Rideg declared a personal interest in Item 7 by virtue of having a child attending Charterhouse Square School and advised that she would not speak or vote on this item.

3. ELECTION OF DEPUTY CHAIR

The Sub Committee proceeded to elect a Deputy Chair in accordance with Standing Order 30. Expressions of interest from Members were sought and Deputy Rehana Ameer, being the only Member indicating their willingness to

serve, was duly elected as Deputy Chair of the Sub Committee for the ensuing year. The Deputy Chair thanked Members for their support.

4. **GATEWAY APPROVAL PROCESS**

RESOLVED – That the Gateway Approval process be received.

In response to a request from a Member, the Chair asked that a presentation on the Gateway process be provided for Members at a later meeting.

5. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the meeting held on 30 May 2022 be agreed as a correct record.

Matters Arising

Responsible Procurement Policy Update - The Chair advised that the Policy & Resources Committee had deferred agreement of the Responsible Procurement Policy, pending further work, and that this may come back to the Sub Committee.

Delegations to Officers – Noting the Sub Committee's previous discussion on project governance arrangements, the Chair suggested that criteria be agreed to guide officers as to whether a report should be submitted to the Sub Committee even where it might be within delegated authority thresholds.

List of Projects – The Chair noted that all current planning applications were regularly circulated to all Members for their information and that the Sub Committee had discussed doing something similar with existing projects. The Chair commented that whilst he wanted to increase transparency, the list of all current projects was significantly more extensive than that for planning applications, and therefore consideration would be given as to the best way to structure and deliver this information.

6. **GATEWAY 3/4 - HAMPSTEAD HEATH SWIMMING FACILITIES - SAFETY, ACCESS AND SECURITY IMPROVEMENTS**

The Sub Committee considered a Gateway 3/4 report of the Executive Director of Environment & the City Surveyor regarding safety, access and security improvements at the Hampstead Heath Swimming Facilities. In response to a question from a Member, the City Surveyor advised that officers were confident that the estimated practical completion date of May 2023 remained achievable.

RESOLVED – That the Operational Property and Projects Sub Committee agree:

1. That additional budget of £30,700 is approved to reach the next Gateway;
2. Note the revised project budget of £163,700 (excluding risk);
3. Note the total estimated cost of the project at £691,245 (excluding risk);

4. That a Costed Risk Provision of £27,000 is approved to reach the next Gateway (to be drawn down via delegation to City Surveyor;
 5. That Option 2 is progressed as the only viable option; and
 6. Note that a minor planning application was submitted on 7th June 2022.
7. **GATEWAY 6 - CITY STREETS TRANSPORTATION RESPONSE TO SUPPORT COVID-19 RECOVERY: PHASE 3 - CHARTERHOUSE SQUARE SCHOOL STREET**
 The Sub Committee considered a Gateway 6 report of the Executive Director of Environment regarding Phase 3 of the Charterhouse Square School Street. The Executive Director of Environment introduced the report and advised that the Gateway 5 report had been approved by the Streets & Walkways Sub Committee, rather than under delegation as stated in the report.
- RESOLVED** – That the Operational Property and Projects Sub Committee approve the Outcome Report and agree to close the project.
8. **GATEWAY 6 - PROVISION OF STAFF WELFARE FACILITIES AT CHINGFORD GOLF COURSE EPPING**
 The Sub Committee considered a Gateway 6 report of the Director of Open Spaces regarding the provision of Staff Welfare Facilities at Chingford Golf Course. A Member suggested that the report be submitted to the Corporate Services Committee for information, given the project was in respect of staff welfare facilities.
- RESOLVED** – That the Operational Property and Projects Sub Committee:
1. Note the report and lessons learned; and
 2. Approve closure of this project.
9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE**
 There were no questions.
10. **ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT**
 There was no other business.
11. **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 item(s) on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.	Paragraph No.
13-17, 19-20	3
18	3,5
21-22	-

12. **NON-PUBLIC MINUTES**
RESOLVED – That the non-public minutes of the meeting held on 30 May 2022 be agreed as a correct record.
13. **GATEWAY 1-5 - CITY OF LONDON POLICE VEHICLE FLEET REPLACEMENT PROGRAMME 2022/23**
The Sub Committee considered a Gateway 1-5 report of the Commissioner of the City of London Police.
14. **GATEWAY 2-5 - IT MANAGED SERVICE TRANSITION**
The Sub Committee considered a Gateway 2-5 report of the Chamberlain.
15. **GATEWAY 3 ISSUE - PHASE 2, 3 & 4 - CITY OF LONDON SCHOOL MASTERPLAN**
The Sub Committee considered a Gateway 3 Issue report of the City Surveyor.
16. **GATEWAY 5 ISSUE - ISLEDEN HOUSE INFILL PROJECT**
The Sub Committee considered a Gateway 5 Issue report of the Director of Community & Children's Services.
17. **GATEWAY 5 - SOUTHWARK ESTATES WINDOW REPLACEMENT AND COMMON PARTS REDECORATIONS - PAKEMAN HOUSE, STOPHER HOUSE & SUMNER BUILDINGS**
The Sub Committee considered a Gateway 5 report of the Director of Community & Children's Services.
18. **WEST HAM PARK NURSERY RESIDENTIAL DEVELOPMENT DISPOSAL AGREEMENT - REQUEST FOR DELEGATED AUTHORITY**
The Sub Committee considered a report of the City Surveyor and the Executive Director of Environment.
19. **CITY OF LONDON OPERATIONAL TENANTS - ARREARS UPDATE AND RENTAL SUPPORT***
The Sub Committee received a report of the City Surveyor.
20. **REPORT OF ACTION TAKEN***
The Sub Committee received a report of the Town Clerk.
21. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE**
There were questions.
22. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other business.

The meeting ended at 11.36 am

Chair

Contact Officer: Joseph Anstee
joseph.anstee@cityoflondon.gov.uk

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Committee: Finance Committee	Dated: 19 July 2022
Subject: Efficiency and Performance Sub Committee – role and work programme	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?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For Decision
Report author: Caroline-Al-Beyerty, Chamberlain	

Summary

At your April Committee, members requested a refreshed approach to the work programme of the Efficiency and Performance Sub Committee. This report sets out the following proposed work programme at member level:

- Agreeing methodology for the specific Efficiency workstreams (operational property and income generation) and then monitoring delivery progress and outcomes.
- For departments at higher risk of not securing sustainable 12% savings, scrutinising proposals supported by bilateral meetings with the Chairmen of Policy and Resources and Finance Committees and their Deputies.
- Trigger reporting on CR35 medium term finances- financial sustainability at both corporate and departmental level. Are mitigations in 22/23 and 23/24 budget working?

In terms of the approach to the work, it is proposed that a working group is formed rather than a formal subcommittee, so that frequency of meetings and workloads may be more flexible. Finance Committee will receive oversight reports and consider any specific issues arising.

Recommendations

Members are asked to approve:

- The proposed work programme outlined at paragraph 10.
- Formation of an Efficiency and Performance working party rather than a sub-committee.

Background

1. 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.

The sub-committee assists the Finance Committee to ascertain whether:

- resources are applied to the policies for which those resources were allocated and represent value for money in the achievement of those policies; and
 - monitoring performance against individual Departmental Business Plans and bringing about improvements in performance.
2. The National Audit Office refers to three key elements when assessing the value for money of government spending:

Economy – minimising the cost of resources used or required ('spending less')

Efficiency – the relationship between the output from goods and services and the resources to produce them ('spending well') and

Effectiveness – the relationship between the intended and actual results of spending ('spending wisely').

3. To which can also be added, securing required outcomes.

Two reviews have been carried in recent years:

- Deep dives: securing 12% savings and understanding impacts 2021-22. Departments presented their work on achieving Target Operating Model savings, fundamental review proposals and other savings alongside how departmental outcomes were being delivered. The methodology was based on bilateral meetings between Service Committee Chairmen and the Chair(men) of Policy and Resources and Finance Committee and their deputies. (Template is shown in appendix 1)
 - Economy, Efficiency and Effectiveness Health Checks (EEE Health Checks) 2018-2019. Designed to represent good practice, drive continuous improvement, optimise use of resources, and ensure that the benefit of carrying out such health checks significantly outweighs their administrative burden. (the question list is shown in appendix 2)
4. Under each of the above reviews, members of the Sub Committee scrutinised departmental presentations, delivering greater understanding on pressures that needed to be addressed corporately and also securing commitment to savings, efficiencies, and outcomes.

5. At your April Committee, members requested a refreshed approach, feeling that value was unlikely to be secured from a further round of 'deep dives or departmental presentations.

Current position

6. The area that has been underpowered is the scrutiny of corporate performance. We do not currently have a Corporate Performance framework to measure outcomes and effectiveness and it will take time to deliver a monitoring framework. So, this will be a longer-term agenda piece.
7. On economy and efficiency drivers- the Finance Committee indicated a desire to focus on departments requesting funding increases over the next few years and departments overspending their budgets. There are also a number of departments which are yet to deliver permanent year on year 12% savings and Fundamental Review savings.
8. The start of the medium-term financial planning (5-year forecasts) indicates that further efficiencies will be required and identifies two key work streams:
 - Operational property- sub optimal utilisation and aging estate with a growing bow wave of costs; and
 - Income generation- untapped potential.

Open spaces charities are also requesting a rethink on governance and financial mechanisms providing opportunities to be self-funding.

9. More widely the 'zero based review' has now become the Resources Priorities Refresh with a three-pronged approach:
 - Mitigating pressures in the 2023/24 budget
 - Efficiencies (as identified above, plus opportunity for continuous improvement)
 - Corporate Planning and resource realignment – 2024/25 – further information to be provided in the Autumn.

Proposed approach

10. Given the backdrop, the following approach is suggested.

At officer level:

- for higher risk departments; identifying key areas for member discussion
- the performance team will work with relevant departmental management and section leads within departments to define outcomes and set robust performance indicators and data collection streams to enable longer-term monitoring by members and officers
- the Town Clerk and the Chamberlain will hold Star Chambers on delivery of the remaining fundamental review proposals, together with unachieved 12% savings- to complete by the autumn
- The Executive Leadership Board and finance team will work with Departmental management to secure sustainable 12% savings to provide

- cross-departmental input, support and challenge to mitigate against options being developed in isolation or silos
- develop methodologies for the efficiency workstreams, such as operational property review and income generation
- pause and review of capital programmes in the round identifying/proposing mitigations to remain within the overall envelope/affordability.

At member level:

- Agreeing methodology for the Efficiency workstreams and then monitoring delivery progress and outcomes
 - For higher risk departments- securing sustainable 12% savings, supported by bilateral meetings between Service Committee Chairmen and the Chair(men) of Policy and Resources and Finance Committee and their deputies.
 - Review of capital programmes via Operational Property and Projects Sub Committee. In order to support cross departmental input/support/and challenge it is recommended the Efficiency and Performance working group review any additional requests in line with Corporate priorities and provide recommendation to Finance Committee/Resource Allocation Sub Committee
 - Trigger reporting on CR35 medium term finances- financial sustainability at both corporate and departmental level, with mitigations identified for the current financial year (22/23) and 23/24.
11. In terms of the approach to the work, it is proposed that a working group is formed rather than a formal subcommittee, so that frequency of meetings and workloads may be more flexible. Finance Committee will receive oversight reports and consider any specific issues arising.
12. Longer term considerations will include:
- Specifying VFM outcomes based on new corporate plan priorities
 - Corporate performance framework reporting- services outcome and financial sustainability KPIs-
13. The intention is to include corporate performance monitoring in the quarterly report to Finance Committee.

Conclusion

This report sets out a new proposed approach and work programme for an Efficiency and Performance working group, reporting to Finance Committee.

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 Chamberlain
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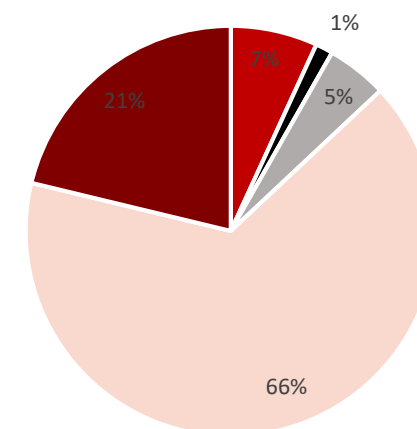
Appendix 1 - example

Community & Children's Services (including libraries, education board and Barbican residential)

Summary Table	21/22	22/23	23/24	24/25	25/26
Savings - FR	590,000	461,000	461,000	461,000	461,000
Savings - TOM/12%	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
Other Unidentified Savings	0	0	0	0	0
Total Savings	2,041,000	1,912,000	1,912,000	1,912,000	1,912,000
FR savings					
Education Board FR savings	0	140,000	140,000	140,000	140,000
DCCS CF: 6% TOM	350,000	286,000	286,000	286,000	286,000
DCCS CF: 6% TOM	10,000	10,000	10,000	10,000	10,000
Supporting people: remove software purchase budget	35,000	35,000	35,000	35,000	0
TOTAL	395,000	471,000	471,000	471,000	436,000
Total Unidentified (or Overachieved) FR Savings	195,000	(10,000)	(10,000)	(10,000)	25,000
TOM/12% saving delivered					
Vacancies	100,000	110,000	110,000	110,000	110,000
Flexible Retirement	20,000	20,000	20,000	20,000	20,000
Other Pay Initiatives	70,000	70,000	70,000	70,000	70,000
Non-pay initiatives	960,000	840,000	870,000	870,000	870,000
Total Unidentified (or Overachieved) Savings	310,000	411,000	381,000	381,000	381,000
Cost incurred via backfill	(9,000)	0	0	0	0
Total Savings	1,141,000	1,040,000	1,070,000	1,070,000	1,070,000

Breakdown of 21/22 Savings

- Vacancies
- Flexible Retirement
- Other Pay Initiatives
- Non-pay initiatives
- Total Unidentified (or Over Achieved) Savings



Appendix 2 – EEE Health Check Questions

<u>Question ID</u>	<u>EEE Health Check Question</u>
a. SERVICE SUMMARY	Table identifying gross & net spend in each area of the business (with FTEs), alongside a very short description of the outputs & outcomes for the service.
b. ECONOMY	i. How has the department reviewed and changed its asset base over the last year? What property rationalisation is expected in the next 12 months? 5
b. ECONOMY	ii. Comparing the level of spend today with previous years, what have been the main drivers of change? 1
b. ECONOMY	iii. How do you intervene to reduce or manage service demand? What areas of service have you stopped or considered stopping? 3
b. ECONOMY	iv. Are there additional income generation opportunities identified in your Business Plan that could contribute to departmental resourcing? What are they? 4
b. ECONOMY	v. Which major (>£250k) Capital Projects have completed in the last 12 months – were they delivered on budget and what lessons have been learnt from those that were not (refer to Gateway 7 reports where possible) 2
b. ECONOMY	vi. How well do you comply with Procurement Regulations? (refer to inc. CPS statistics/rankings on waivers & PO's).
c. EFFICIENCY	i. How does the cost of your service compare to similar providers in the relevant sector/market? (refer to external benchmarking where possible). What improvements can be made in the next 12 months? 2
c. EFFICIENCY	ii. For which areas of the business have you reviewed the method of provision in the last 12 months? 3
c. EFFICIENCY	iii. Which areas of the business are you planning to review in the next 12 months (refer to Business Plan) 2
c. EFFICIENCY	iv. What opportunities exist for working in partnership with others to reduce common costs? 3
c. EFFICIENCY	v. What areas for improvement have been identified in your current workforce and IT plans? 6
d. EFFECTIVENESS	i. How do you measure and report on the effectiveness of performance for the various aspects of your service? How does it compare with other organisations? 2
d. EFFECTIVENESS	ii. How do you act on this information e.g. how does your management team respond to it? How does this impact on your decisions about resource allocation? 2
d. EFFECTIVENESS	iii. Customer feedback – how do you measure it and what is it telling you? 2
d. EFFECTIVENESS	iv. How are you mitigating risks that could affect the effectiveness of your department? 8
d. EFFECTIVENESS	v. Which outcomes are difficult to measure and why? What are you doing to develop a better understanding of those areas in the next 12 months? 2
e. CONCLUSION	i. Which areas of your service are you comfortable that the City receives value for money and which areas will you be focusing on with respect to improving in the next 12 months? 1

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Committee(s)	Dated:
Finance Committee	19 July 2022
Subject: Chamberlain's Departmental Risk Management – Monthly Report	Public
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Information
Report author: Hayley Hajduczek, Chamberlain's Department	

Summary

This report has been produced to provide Finance Committee with an update on the most significant risks faced by the Chamberlain's department.

There are currently no RED risks on the Corporate Risk Register within the responsibility of the Chamberlain. There are no RED risks on the Chamberlain's departmental risk register.

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

Recommendation(s)

Members are asked to note the report.

Main Report

Background

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

Current Position

1. This report provides an update on the current risks that exist in relation to the operations of the Chamberlain's Department. It is to be noted that there are currently no RED risks on the Chamberlain's risk register, however close monitoring continues for all risks.

2. CR35 Unsustainable Medium-Term Finances score remains at 12 (amber). There has been no event to cause a trigger (as agreed by this committee) to increase this score the full detail of this risk can be found in appendix 1. The position of the HRA remains difficult however proposals to resolve the funding issues are put forward in the July paper to RASC and CCS.
3. Good progress continues to be made on the CHB 001 Chamberlain's department transformation and knowledge transfer with recruitment for key roles being prioritised, many roles have now been appointed to awaiting start date of the new incumbents.

Conclusion

4. Members are asked to note the actions taken by Chamberlain's Department to manage all risks. Actions aim to continue monitoring and reducing the risk level and will be reported on at future Finance Committees.

Appendices

- Appendix 1 - Departmental Risk Registers

Background Papers

Quarterly Reports to Finance Committee: Finance Committee Risk

Hayley Hajduczek

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Appendix 1 - CHB Corporate and departmental risks

Report Author: Hayley Hajduczek

Generated on: 04 July 2022


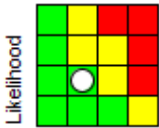



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR35 Unsustainable Medium Term Finances <div>Page 41</div>	<p>Causes: High inflation –Office for Budget Responsibility forecasting peak in Autumn 2022 Contraction in key income streams and increase in bad debts following post pandemic change in working practices Police Transform programme fails to realise the budget mitigations anticipated within the MTFP 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>Event: Inability to contain financial pressures within year (2022/23) and compensatory savings and/or income generation to meet the Corporation's forecast medium term financial deficit will not be realised.</p> <p>Effects: Additional savings over and above those identified through the Fundamental Review to meet this challenge are required, reserves are utilised and/or services stopped. The City Corporation's reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Being unable to set a balanced budget which is a statutory requirement for City Fund. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.</p>	<p>Likelihood</p> <p>Impact</p>	12	<p>Retail Price Index rose by 11.7% and Consumer Price Index rose by 7.9% in 12 months to May 2022 (up by 2.7% and 0.9% respectively since March 2022). OBR are forecasting further increases, peaking in Autumn 2022, which will create pressures on service/departmental 2022/23 budgets and on the Housing Revenue Account.</p> <p>Pinch points are currently being identified by finance business partners. Mitigations now include bolstering inflation contingencies from carry forwards and tight financial disciplines. Further mitigations were discussed at Resource Allocation Sub Away Day in June.</p> <p>Income from investment property and from business rates holding up well. Reserves are not being utilised.</p> <p>The risk score is being maintained at amber 12, although the trajectory of risk is increasing. No trigger points reached.</p>	<p>Likelihood</p> <p>Impact</p>	8	31-Mar-2023	

19-Jun-2020 Caroline Al-Beyerty				Further mitigations: Review capital programmes and major commitments; operational property review (surplus/ageing assets), including options for cyclical works programme; untapped income generation. 04 Jul 2022			Accept	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35d Page 42	Inability of some ratepayers to pay rates due to change in working patterns post pandemic, especially retail, hospitality and leisure sectors. A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. Triggers • Change to business rate reset (further deferral will result in a positive impact). • Shift from commercial to residential. • Reduction in Rateable Value (the risk is minimal). • Changes to methodology in business rate calculations.	<ul style="list-style-type: none"> • Monthly monitoring in place. The 2021/22 collection rate figure is 95.29%, which is 0.97% up on last year and only 2.07% down on 2019/20 (97.36%). • The COVID Additional Restriction Relief scheme (CARF) will provide approximately £64m relief to business rate bills. • Collection fund deficit to be factored into the MTFP. • There has been an increase in the amount of empty property resulting in more relief being claimed. • Business Rate appeals linked to COVID have been ruled out due to Govt legislation, but we are seeing an increase in appeals on other grounds. • Impacts will continue to be monitored. 	Phil Black	04-Jul-2022	31-Mar-2023
CR35e	A reduction in key income streams and increase in bad Debt <i>Triggers:</i> <i>Increase in loss of property investment portfolio income over £5m p.a.</i>	<p>This is being monitored monthly, with action being taken to reduce spend where possible.</p> <p>Budget forecast for 22/23 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. The moratorium against legal action for recovery has now lifted.</p> <p>Sums to mitigate risk are being held in Reserves - £30m in City Fund.</p>	Sonia Virdee	04-Jul-2022	31-Mar-2023
CR35i	Impact on the HRA • Rising inflationary pressures in construction costs outstripping rental increases • Delays in residential units coming on stream delaying income • Increasing bad debt / long term reduction in commercial rent	<ul style="list-style-type: none"> • Update report on latest projections for HRA is going to CCS and RASC in July. • Option is proposed in the report for use of alternative sources of funding for Fire Safety Works element of Major Works Programme to enable HRA to remain in surplus. • Need to monitor identified expenditure risks around recovery of leaseholder contributions following the decision not to allow the Appeal of the Great Arthur Cladding case. • Housing 30 year Financial projections included in the July report. 	Mark Jarvis; Paul Murtagh	04-Jul-2022	31-Mar-2023

	<ul style="list-style-type: none"> • Expenditure risks around recovery of leaseholder contributions following Great Arthur house cladding case • Inability to fund future major works programme. 				
CR35j	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>The MTFP approved on 10th March 2022 included the following mitigations:</p> <ul style="list-style-type: none"> • Inflation contingency held: 3% 22/23 and 1% 23/24 (23/24 includes 2% inflation increase within departments); • CF - £3m contingency ringfenced for construction inflation under Major Projects reserve. • CC - £1m contingency ringfenced for construction inflation under capital programme. • Initial exercise to capture key pressure points across CF and CC carried out by Finance Leadership Group and monitoring arrangements being put in place through finance business partners, in liaison with departmental management teams. <p>Mitigations were discussed at Resource Allocation Sub Committee Away Day, furthermore top up of contingencies from 2021/22 underspends have now been agreed.</p>	Sonia Virdee	04-Jul-2022	31-Mar-2023
CR35k	The effect of the war in Ukraine on finances and sanctions carried out.	Department of Community & Children's Services are monitoring the likely demands on services caused by the situation in Ukraine. So far numbers coming to the attention of services has been low and any related costs have been contained within existing budgets.	Sonia Virdee	04-Jul-2022	31-Mar-2023
CR35l	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>Biggest risk relates to Police - £13m p.a. cumulative sustainable savings included in MTFP. To date much has been met with one -off savings.</p> <p>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).</p> <p>Star chamber led by the Chamberlain and Town Clerk are being planned over the summer to ensure departments are achieving savings. This is further supported by Member led bilateral meetings with service areas for departments that have not achieved year on year permanent savings.</p>	Alistair Cook; Sonia Virdee	04-Jul-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
CHB 001 Chamberlain's department transformation and knowledge transfer 12-Nov-2021 Caroline Al-Myerty	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	Recruitment is now underway where vacancies have been held, with key roles being prioritised. 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 taking shape in collaboration with a change partner. Workshops are currently underway to define roles and actions a clear action plan will follow. 04 Jul 2022	 Likelihood Impact	4	31-Mar-2023	 Constant
							Reduce	

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
CHB001a	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.	Most retirees have now left the organisation, where there are retirees still in post mitigation plans are in train to retain business knowledge to enable business continuity.		Sonia Virdee	04-Jul-2022	31-Jul-2022
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	04-Jul-2022	31-Mar-2023
CHB001c	Chamberlain's TOM structure design and culture is fit for purpose.	Colleagues across the department have been invited to attend workshops setting out our departmental strategy and to build an action plan to reach our strategic goals. Final workshops are to be held by the end of July. A departmental action plan will follow.		Hayley Hajduczek	04-Jul-2022	31-Mar-2023
CHB001d	The corporate recruitment moratorium has lead to a significant number of vacancies being held across the department leaving gaps in capacity.	The corporate recruitment moratorium has lead to a significant number of vacancies being held across the department leaving gaps in capacity. As the TOM structure begins to be implemented a recruitment plan is in place and teams are working to fill these. Key roles have been prioritised to ensure the right people are in post to implement the rest of the structure, particularly in the Financial Services Group.		Phil Black; Hayley Hajduczek; Kate Limna; Matt Lock; Sonia Virdee	04-Jul-2022	31-Oct-2022

Committee(s): Finance Committee – For Decision	Dated: 19/7/2022
Subject: 2021-22 Provisional Outturn	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Applied to all outcomes
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Decision
Report author: Neilesh Kakad – Group Accountant	

Summary

This paper provides a summary of the 2021/22 outturn position for City Fund and City's Cash. Against the final budget for the year of £212.2m, a better than budget position of £33.0m was recorded, split between £18.5m and £14.5m for City Fund and City's Cash accordingly. Detailed analysis of variances will be reported to service Committees. This position has been achieved largely due to one-off items include release of contingencies held to account for the move to turnover rents, additional funding provided to the Barbican not being fully required, slippage of Supplementary Revenue Project (SPR) works and vacancies held pending transition to the new Target Operating Model (TOM) structure.

As included in financial regulations, Chief Officers can bid to carry forward funds into the following financial year where their local risk budget is underspent. The Chamberlain, in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub-Committee (RASC), has agreed to carry forward £14.2m from City Fund and £13.0m from City's Cash to fund delayed activity from 2021/22 due to the pandemic, adding to contingency funds held with respect to inflationary pressures and the rollover of unspent contingency balances held by Policy and Resources (P&R) and Finance Committee.

Financial Regulations also state that deficit in a Chief Officers local risk budget should be carried forward and recovered in the following financial year. Several Chief Officers have overspent during the year largely linked to delays in implementing TOM changes. Reflecting on the likely pressure in the current year linked to the economic climate and the need to fully embed the TOM changes, it is recommended and endorsed by the Chamberlain in consultation with the Chairman and Deputy Chairman of RASC that the deficit carry forward provision be waived for 2021/22. This is subject to further scrutiny of these departments/service areas with member bilateral meetings being held in the Autumn.

Recommendation(s)

Members are asked to:

- Note the report.
- Agree to waive the deficit carry forward provision for 2021/22.

Main Report

Background

1. This report summarises the 2021-22 provisional outturn position for City Fund and City's Cash. In March 2021, the Court of Common Council set an original budget across both funds of £204.4m. This budget was amended as part of the revised budget process and to reflect resource changes agreed by Court of Common Council. The final budget for the year is £212.2m.

Current Position

2. Net expenditure for year against the final budget totalled £179.2m, resulting in a £33.0m better than budget position, or a 18% variance. The below table splits this variance between local risk (spend under Chief Officer control), central risk (spend outside Chief Officer control) and support services.

Table 1: 2021/22 Outturn Summary by Fund

2021/22 Final Budget v Outturn - By Fund						
Net Expenditure (Income)						
	Budget Net	Provisional Outturn	Variation (Better)/Worse			
	£m	£m	Total	Local Risk	Central Risk	Support Services
			£m	£m		£m
City Fund	155.5	137.0	(18.5)	(8.7)	(10.0)	0.2
City's Cash	56.7	42.2	(14.5)	(0.5)	(11.8)	(2.2)
Total	212.2	179.2	(33.0)	(9.2)	(21.8)	(2.0)

3. Whilst the overall position on each fund was better than budget, there were a range of financial outcomes under each Committee, which are summarised below for each fund. Each Committee will receive an outturn report setting out in more detail the variance that have occurred during the year. The below analysis provides a high-level summary of the key factors contributing to the overall position of each fund.

CITY FUND

4. The yearend position against the final budget for each committee is shown below.

Table 2: City Fund 2021-22 Outturn by Committee

2021/22 Budget v Outturn - City Fund Summary by Committee						
Net Expenditure (Income)	Budget Net	Provisional Outturn	Variation (Better)/Worse			
			Total	Local Risk	Central Risk	Support Services
	£m	£m	£m	£m		£m
Barbican Centre	35.8	29.9	(5.9)	(5.7)	(0.4)	0.2
Barbican Residential	2.4	2.2	(0.2)	(0.3)	(0.1)	0.2
Community and Children's Services	15.3	16.3	1.0	0.0	0.6	0.4
Culture Heritage and Libraries	21.2	20.7	(0.5)	(0.3)	(0.3)	0.1
Finance	(9.2)	(18.5)	(9.3)	(0.8)	(6.7)	(1.8)
Licensing	0.1	0.2	0.1	0.1	0.0	0.0
Markets	(0.1)	0.3	0.4	0.4	0.0	0.0
Open Spaces	1.8	1.9	0.1	0.1	0.0	0.0
Planning and Transportation	15.5	14.5	(1.0)	(0.8)	(0.3)	0.1
Police	88.8	88.8	0.0	0.0	(0.1)	0.1
Policy and Resources	4.7	4.9	0.2	(0.2)	0.2	0.2
Port Health and Environmental Services	16.7	13.4	(3.3)	(1.2)	(1.8)	(0.3)
Property Investment Board	(37.5)	(37.6)	(0.1)	0.0	(1.1)	1.0
City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.	155.5	137.0	(18.5)	(8.7)	(10.0)	0.2

5. The key variations contribution to the £18.5m better than budget position are:
- Barbican Centre** - Better than expected recovery meaning the £7m of additional funding provided was not fully required resulting in an £5.9m underspend.
 - Port Heath and Environmental Services** - Holding of vacancies pending TOM changes (£1.1m) and additional funding to support the Fishmonger Hall inquest (£1.8m) resulted in an underspend.
 - Planning and Transportation** – vacancies held as part of the TOM implementation process contributed to the underspend position.
 - Finance** - Release of contingencies largely related to the impact of turnover rents and rent-free period which were not required due to better than expect rental income (£4.1m), and unused finance committee contingencies (£0.6m) have contributed to an underspend.
 - These underspends were offset by a number of overspends largely linked to delays in the implementations of TOM proposals and the impact of COVID restrictions.

CITY'S CASH

6. The yearend position against the final budget for each committee is shown below.

Table 3: City's Cash 2021-22 Outturn by Committee

2021/22 Budget v Outturn - City's Cash Summary by Committee						
Net Expenditure (Income)	Budget Net	Outturn	Variation (Better)/Worse			
			Total	Local Risk	Central Risk	Support Services
	£m	£m	£m	£m		£m
Culture, Heritage & Libraries	0.4	0.5	0.1	0.1	0.0	0.0
Education Board	3.1	3.1	0.0	0.0	0.0	0.0
Finance	42.9	28.6	(14.3)	0.1	(12.7)	(1.7)
G. P. Committee of Aldermen	4.0	4.2	0.2	0.3	(0.1)	0.0
Guildhall School of Music and Drama	13.2	13.9	0.7	0.6	0.0	0.1
Markets	0.7	0.4	(0.3)	(0.5)	0.1	0.1
Open Spaces :-						
Open Spaces Directorate	0.0	0.0	0.0	(0.1)	0.0	0.1
Epping Forest and Commons	7.6	7.2	(0.4)	(0.4)	(0.1)	0.1
Hampstead, Queen's Park and Highgate	6.4	6.0	(0.4)	(0.4)	0.0	0.0
Bunhill Fields	0.6	0.4	(0.2)	(0.1)	0.0	(0.1)
West Ham Park	1.2	1.2	0.0	(0.1)	0.0	0.1
Policy and Resources	20.6	17.3	(3.3)	(0.2)	(3.2)	0.1
Property Investment Board	(48.6)	(44.9)	3.7	1.2	3.5	(1.0)
Schools :-						
City of London School	1.7	1.7	0.0	(0.1)	0.1	0.0
City of London Freeman's School	1.3	1.6	0.3	(0.2)	0.5	0.0
City of London School for Girls	1.2	0.8	(0.4)	(0.5)	0.1	0.0
City of London Junior School	0.4	0.2	(0.2)	(0.2)	0.0	0.0
Deficit (Surplus) from (to) reserves	56.7	42.2	(14.5)	(0.5)	(11.8)	(2.2)

7. The key variations contributing to the £14.5m better than budget position are:
 - a. **Finance** - Slippage of SRP works (£5.1m), release of contingencies of held with respect to impact of turnover rents (£4.5m) periods and additional dividend income (£2m) contributed to the underspend position.
 - b. **Policy and Resources** - Unused P&R Contingencies of £2.1m, which will be carried forward into 22/23.
 - c. **Property Investment Board** - Weaker rental receipts (£7.2m), linked to the move turnover rents and weaker demand, and delays in achieving TOM savings contributed to the overspend position, which was partially offset by a reduction in bad debt provision linked to lower levels of debt. The rental receipt position was in part offset by the contingency release noted under Finance Committee.
8. It should be noted that the Police, all four City of London Schools and the Guildhall School of Music and Drama operate as ring-fenced funds and therefore any outturn variances are absorbed within their own reserve balances.
9. Financial regulations also delegates authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub Committee (RASC) to carry forward unspent funds into the following financial year where a Chief Officer local risk budget is underspent. This consultation occurred on 23rd June where agreement was reached to carry forward £14.2m and £13.0m in City

Fund and City's Cash respectively. These funds will be used to carry out delayed activity in 2021/22 due to the pandemic, increase the contingency provisions held with respect to inflation in light of current projections, and rollover unspent contingency balances held by P&R and Finance Committee.

10. In addition to reporting by Committee, the position of each Chief Officer is reported and these are shown in appendix 1 with respect to the overall position of each fund by Chief Officer, and appendix 2 which reflect the outturn of each Chief Officer against their local risk budget, which is the element directly under their control.
11. Finance Regulations state that Chief Officer local risk overspends are to be carried forward and recovered in the following financial year (except where special provisions apply e.g. ring-fenced funds). This provision would apply to the Town Clerks (£437k), Chief Operating Officer (£764k), City Surveyor (£1.2m), Comptroller and City Solicitor (£281k) and the Remembrancer (£266k).
12. However, given the delays in implementing savings plans, the impacts of the pandemic and the challenging outlook ahead, the Chamberlain, in consultation with the Chair and Deputy Chairman of Resource Allocation Sub Committee, is recommending that these overspends are not carry forward, and those departments which have overspent are subject to additional review via the member bilateral meeting process to ensure that achievement of TOM and fundamental review savings are fully achieved in 2022/23.
13. The 2021/22 position is subject to audit review so remains provisional until that process has been completed. The final position will be presented to Finance Committee as part of the accounts sign off process.

Strategic implications – None

Financial implications – As set out above

Resource implications – As set out above

Legal implications - None

Risk implications - None

Equalities implications – None

Climate implications - None

Security implications - None

Conclusion

14. The provisional outturn for the year an underspent of £33m across both City Fund (£18.5m) and City's Cash (£14.5m). Following a review by the Chamberlain, in consultation with the Chairman and Deputy Chairman of RASC, £27.2m will be carried forward to fund delayed activity, roll forward unspent contingency balances and create further contingencies to manage inflationary pressures in the current year. It is recommended that the provision to carry forward Chief Officer local risk

Appendices

- Appendix 1 – 2021/22 Outturn by Chief Officer (all risks)
- Appendix 2 – 2021/22 Local Risk Outturn by Chief Officer

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Appendix 1 - 2021/22 Outturn by Chief Officer (all risks)

Original Budget £'000	Chief Officer Total Outturn	LAB Budget £'000	Final Budget £'000	Provisional Outturn £'000
	City Fund			
8,777	Chief Financial Officer and Chamberlain	12,268	15,489	24,737
(7,014)	Chief Executive and Town Clerk	(7,411)	(7,586)	(8,199)
767	Chief Operating Officer	220	220	(203)
24,297	City Surveyor (Including CWP)	25,864	25,940	28,868
(85,120)	Commissioner of Police	(86,163)	(88,757)	(88,757)
(19,859)	Executive Director Community and Children's Services excluding HRA	(21,410)	(21,145)	(21,859)
(28,700)	Executive Director Environment	(32,326)	(32,038)	(28,321)
(13,151)	Executive Director Innovation and Growth	(13,900)	(13,898)	(13,960)
(33,509)	Managing Director Barbican Centre	(33,593)	(33,696)	(29,282)
(153,512)	Total City Fund	(156,451)	(155,471)	(136,976)
	City's Cash			
(33,683)	Chief Financial Officer and Chamberlain	(34,793)	(32,889)	(19,680)
(16,377)	Chief Executive and Town Clerk	(11,903)	(12,702)	(9,596)
1,111	Chief Operating Officer	727	710	815
36,498	City Surveyor	36,714	36,079	33,988
(2,576)	Executive Director Community and Children's Services excluding HRA	(2,647)	(3,153)	(3,124)
(11,766)	Executive Director Environment	(12,407)	(12,589)	(12,586)
-	Executive Director Innovation and Growth	(7,007)	(7,007)	(6,862)
(12,394)	Principal Guildhall School of Music and Drama	(12,505)	(12,505)	(13,189)
(7,438)	Remembrancer	(7,889)	(8,059)	(7,709)
(1,659)	Head City of London Boys School	(1,697)	(1,697)	(1,730)
(1,817)	Head City of London Freeman's School	(1,291)	(1,292)	(1,554)
(763)	Head City of London School for Girls	(1,206)	(1,206)	(809)
-	Head City of London Junior School	(376)	(376)	(169)
(50,864)	Total City's Cash	(56,280)	(56,686)	(42,205)
	Guildhall Admin			
(24,565)	Chief Financial Officer and Chamberlain	(24,406)	(24,507)	(23,528)
(8,859)	Chief Executive and Town Clerk	(5,812)	(5,820)	(5,512)
(12,276)	Chief Operating Officer	(18,269)	(18,417)	(17,682)
(22,103)	City Surveyor	(23,484)	(23,721)	(23,501)
(1,138)	Comptroller and City Solicitor	(1,236)	(1,236)	(1,740)
-	Remembrancer	-	-	-
(68,941)	Total Guildhall Administration	(73,207)	(73,701)	(71,963)
68,941	Reapportionment of Guildhall Admin (Recharges)	73,207	73,701	71,963
(204,376)	Grand Totals	(212,731)	(212,157)	(179,181)

Appendix 2 - 2021/22 Local Risk Outturn by Chief Officer

Original Budget £'000	Chief Officer Cash Limited Budgets (excluding cyclical works programme)	Final Budget £'000	Provisional Outturn £'000	Variance Under/(Over)spend £'000
	City Fund			
(1,453)	Chief Financial Officer and Chamberlain	(1,458)	(910)	548
(6,084)	Chief Executive and Town Clerk	(6,329)	(6,367)	(38)
(65)	Chief Operating Officer	(83)	(499)	(416)
(5,287)	City Surveyor	(4,751)	(4,916)	(165)
(12,689)	Executive Director Community and Children's Services excluding HRA	(12,922)	(12,672)	250
(18,893)	Executive Director Environment	(19,625)	(18,191)	1,434
(6,769)	Executive Director Innovation and Growth	(7,195)	(7,096)	99
(24,227)	Managing Director Barbican Centre	(24,506)	(20,277)	4,229
(75,467)	Total City Fund (excluding Police)	(76,869)	(70,928)	5,941
	City's Cash			
(67)	Chief Financial Officer and Chamberlain	(68)	(126)	(58)
(3,231)	Chief Executive and Town Clerk	(3,210)	(3,512)	(302)
(1,131)	Chief Operating Officer	(1,263)	(1,013)	250
(14,327)	City Surveyor	(14,661)	(15,935)	(1,274)
(786)	Executive Director Community and Children's Services excluding HRA	(840)	(812)	28
(10,271)	Executive Director Environment	(10,250)	(10,165)	85
(8,129)	Principal Guildhall School of Music and Drama	(8,171)	(8,771)	(600)
(1,381)	Remembrancer	(1,382)	(1,273)	109
(1,017)	Head City of London Boys School	(1,001)	(899)	102
(147)	Head City of London Freeman's School	435	672	237
(250)	Head City of London School for Girls	(674)	(137)	537
-	Head City of London Junior School	(376)	(168)	208
(40,737)	Total City's Cash	(41,461)	(42,139)	(678)
	Guildhall Admin			
(8,270)	Chief Financial Officer and Chamberlain	(7,835)	(8,234)	(399)
(5,676)	Chief Executive and Town Clerk	(3,247)	(3,344)	(97)
(11,407)	Chief Operating Officer	(15,021)	(15,619)	(598)
(7,946)	City Surveyor	(8,061)	(7,781)	280
(744)	Comptroller and City Solicitor	(694)	(975)	(281)
307	Remembrancer	292	(83)	(375)
(33,736)	Total Guildhall Administration	(34,566)	(36,036)	(1,470)
(149,940)	Grand Totals (excluding Police)	(152,896)	(149,103)	3,793
(81,603)	Commissioner of Police	(82,015)	(82,041)	(26)
(231,543)	Grand Totals	(234,911)	(231,144)	3,767

Committee(s): Finance Committee	Date(s): 19 July 2022
Subject: Capital and Supplementary Revenue Project Outturn 2021/22 for City Fund and City's Cash and Prudential Indicators	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Capital and SRP projects impact across most areas of service delivery and property investment
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Information
Report author: Simon Whelan, Acting Group Accountant	

Summary

This report provides a summary of the 2021/22 outturn for Capital and Supplementary Revenue Projects (SRPs) for City Fund and City's Cash, together with the Prudential Indicators for the City Fund. In accordance with changes arising from the governance review, the Bridge House Estates figures have been excluded and will be reported direct to the Bridge House Board.

Actual capital and SRP expenditure in 2021/22 amounted to £205.6m, a net £129.5m less than the approved programmes of £335.1m. This reduction was largely due to the rephasing of expenditure to later years although a significant amount (£28.5m) related to a change in the accounting structure of a proposed property transaction.

The Resource Allocation Sub Committee has agreed financial disciplines which include that central project funding may be withdrawn for schemes that slip by more than one year. A review is underway to identify any centrally funded schemes that are not progressing with a view to reallocating the funding to higher priority projects - to be brought to members after the recess.

The CIPFA Prudential Code provides the statutory framework for ensuring that capital expenditure is affordable, prudent and sustainable and requires the calculation of certain prudential indicators in respect of City Fund *capital* activities *only*. The 2021/22

actual indicators, drawn from the end of year balance sheet, highlight that the City Fund held no external debt as at 31 March 2022.

Recommendation

Members are asked to note the contents of this report.

Main Report

Background

1. In March each year, the Court of Common Council approves the Capital and SRP programmes as part of the annual budget setting process.
2. Chief Officers, in liaison with the Town Clerk's Programme Office, provide regular reports on the progress of individual schemes against milestones.
3. Capital expenditure generally results in an increase in asset values and typically relates to acquisitions/new build and enhancements, whereas supplementary revenue projects are one-off items which do not fulfil the capital criteria e.g. feasibility and option appraisal costs, major cyclical repairs and maintenance.
4. The Court of Common Council has delegated to the Chamberlain authority to determine the methods of financing capital and supplementary revenue project expenditure. In making such decisions consideration is taken of the strategic and tactical interests of the three funds.
5. The purpose of this report is to provide a summary of the 2021/22 actual expenditure for City Fund and City's Cash against the programmes approved by the Court of Common Council in March and to set out the actual Prudential Indicators for the City Fund.

2021/22 Outturn

6. Significant items of Capital and Supplementary Revenue Project expenditure in 2021/22 include investment property acquisitions and refurbishments, continued progression of the major projects and expenditure on operational assets including highways and public realm improvements, HRA cyclical works and new construction, corporate IT and Guildhall works, and works at the City's three private schools.
7. The total expenditure incurred in 2021/22 was £205.6m, a net £129.5m less than the approved programmes of £335.1m. A breakdown of expenditure analysed by fund is set out below:

2021/22 Actual Capital and Supplementary Revenue Project Expenditure and Financing							
			City Fund	City's Cash	Total	March 2022 Approved	Variation
			£m	£m	£m	£m	£m
<u>Capital/SRP Expenditure</u>							
	Investment Property		31.3	21.0	52.3	97.94	- 45.6
	Major Projects		51.6	28.3	80.0	120.08	- 40.1
	Operational		55.1	18.2	73.3	117.06	- 43.8
			138.0	67.5	205.6	335.1	- 129.5
<u>Funded by</u>							
	External Grants and Contributions		41.3	4.6	46.0		
	Internal Resources		96.7	62.9	159.6		
			138.0	67.5	205.6		
March 2022 Approved			179.8	155.2	335.1		
Variation			- 41.8	- 87.7	- 129.5		

8. The following table analyses the variations between the approved capital/SRP programmes and actual expenditures, together with the resulting impact on financing in 2021/22.

Analysis of Variations			
		City Fund	City's Cash
		£m	£m
<u>Expenditure Variations</u>			
Net Rephrasing of Expenditure to later years		-41.8	-59.2
Net Savings		0.0	-28.5
		-41.8	-87.7
<u>Impact of Variations on Financing</u>			
External contributions		-9.6	-2.2
Internal Resources		-32.2	-85.5
		- 41.8	- 87.7
		- 129.5	

The net underspend of £129.5m is largely comprised of deferred expenditure of £101.0m, together with net savings of £28.5m occurring as a result of a change to the accounting treatment of a proposed property transaction rendering the budget surplus to requirements.

9. This magnitude of deferred expenditure is unusually high (39% compared with a more typical level of 15% in recent years). The major projects have been subject to delays which account for a significant proportion of the underspend (£40.1m or 31%). The ongoing repercussions of the pandemic have also

caused delays to project programmes, although this cannot be easily quantified.

10. The deferred expenditure of £101.0m relates mainly to the following areas:

Major Projects – 40.1m
Highways and public realm - £9.9m
Investment property - £17.1m
Housing schemes - £21.2m
City Schools' schemes - £3.0m
Corporate schemes (IS, Guildhall) - £5.8m

It should be noted that such deferred expenditure impacts on cash flows but does not reduce the overall cost or funding requirement.

11. The Resource Allocation Sub Committee has agreed financial disciplines which include that central project funding may be withdrawn for schemes that slip by more than one year. A review is underway to identify any centrally funded schemes that are not progressing with a view to reallocating funding to higher priority projects - to be brought to members after the recess.

Prudential Indicators

12. The CIPFA Prudential Code provides a framework for ensuring that capital expenditure and financing (in particular borrowing) is affordable, prudent and sustainable, and requires the calculation and monitoring of certain prudential indicators in respect of City Fund capital activities.
13. In addition to setting indicators for the forthcoming year during each budget cycle, the Code requires authorities to calculate certain indicators drawn from the end of year balance sheet. The appendix contains the actual indicators for 2021/22, including commentaries which highlight, in particular, that there was no underlying need to borrow externally.
14. The City Fund total expenditure figures used for the indicators vary from the figures in the tables above as the indicators relate only to capital, not supplementary revenue expenditure.
15. In the context of borrowing, it should also be noted that City's Cash has previously drawn down a loan of £450m; £200m for general purposes and £250m to support 'green' spend on major projects.

Appendix: 2021/22 Actual Prudential Indicators

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PRUDENTIAL INDICATORS - 2021/22 OUTTURN

The tables below detail the four Actual prudential indicators applicable to 2021/22 which have been derived from the 2021/22 City Fund draft accounts. These 'actual' indicators have been compared to the appropriate estimate indicators. The Original estimate indicators were prepared in February 2021 at the time of setting the 2021/22 budget and the Revised estimate indicators were prepared to inform the setting of the 2022/23 budget in February 2022.

1. Actual capital expenditure 2021/22

	HRA	Non-HRA	Total
Estimate of capital expenditure (Original)	£65,125 m	£179,993 m	£245,118 m
Estimate of capital expenditure (Revised)	£52,561 m	£104,001 m	£156,562 m
Actual Capital Expenditure	£24,843 m	£105,106 m	£129,949 m

The variation between the revised and actual indicators is mainly due to capital projects deferred to later years.

2. Actual capital financing requirement

	HRA	Non-HRA	Total
Estimate of Capital Financing Requirement (Original)	£19,227 m	£104,755 m	£123,982 m
Estimate of Capital Financing Requirement (Revised)	£6,080 m	£45,606 m	£51,686 m
Actual Capital Financing Requirement	£0.000 m	£87,144 m	£87,144 m

The capital financing requirement (CFR) is an indicator of the underlying need to borrow, including 'internal borrowing'. The majority of the CFR relates to internal borrowing reflecting the use of cash received from the sale of long leases (treated as deferred income in accordance with accounting standards) to finance capital expenditure. The reductions against the original and revised estimates are reflective of slippage in the capital programme.

The zero CFR for the HRA reflects its current debt-free status, pending further planned borrowing to fund the decent homes improvement programme. The borrowing assumed in the original estimate was not required due to slippage in the HRA capital programme.

The method of calculating the HRA and non-HRA elements is prescribed under statute, with the overall figures derived directly from the balance sheet.

3. Actual External Debt as at 31.03.2022

	Borrowing	Other Long Term Liabilities	Total
Actual External Debt	£0	£0	£0

The City Fund currently remains free of external debt.

4. Actual Ratio of Financing Costs to Net Revenue Stream 2021/22

	HRA	Non-HRA	Total
Ratio of Financing Costs to Net Revenue Stream (Original)	0.24	-0.27	-0.23
Ratio of Financing Costs to Net Revenue Stream (Revised)	0.22	-0.28	-0.24
Actual Ratio of Financing Costs to Net Revenue Stream	0.23	-0.33	-0.29

This ratio aims to demonstrate the extent to which the net revenue consequences of capital finance and borrowing impact on the net revenue stream.

The actual HRA ratio currently represents the revenue contribution to capital financing as a proportion of the HRA revenue streams. The minimum amount of the contribution (via the Major Repairs Reserve) is set via legislation to equate to the depreciation charge.

The City Fund is a net lender in its treasury operations and is in receipt of significant rental income from investment properties and therefore the Non-HRA and Total ratios are negative. The increase over the estimate arises from a combination of higher than anticipated income and lower than expected revenue expenditure.

Committee	Dated: 19 July 2022
Finance Committee	
Subject: Revenue Outturn 2021/22 – Finance Committee Operational Services	Public
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
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain The Chief Operating Officer The Town Clerk The City Surveyor The Remembrancer Director of Community and Children's Services	For Information
Report author: John James, Head of Finance, Chamberlain's Department Abiola Yusuff, Senior Accountant, Chamberlain's Department	

Summary

This report compares the revenue outturn for the services overseen by your Committee in 2021/22 with the final budget for the year. It also details the carry forward requests which have now been approved.

Overall total net expenditure on the operational services overseen by your Committee was £63.4m, representing an underspend of £2.9m compared to the final budget of £66.3m as set out in the table below.

Summary comparison of 2021-22 Revenue Outturn with Final Budget				
	Original Budget	Final Budget	Revenue Outturn	Variation Better / (Worse) £000
	£000	£000	£000	
Direct Net Expenditure				
The Chamberlain	(23,786)	(23,961)	(21,980)	1,981
The Chief Operating Officer	(11,407)	(12,520)	(12,113)	407
The Town Clerk	(2,838)	(2,221)	(2,317)	(96)
The City Surveyor	(14,095)	(15,507)	(15,292)	215
The City Surveyor CWP	(3,413)	(3,987)	(2,634)	1,353
The Remembrancer	121	106	(350)	(456)
Director of Community and Children's Services	(59)	(59)	(60)	(1)
Total Direct Net Expenditure	(55,477)	(58,149)	(54,746)	3,403
Capital and Support Services	(8,811)	(8,103)	(8,655)	(552)
Total Net Expenditure	(64,288)	(66,252)	(63,401)	2,851

Expenditure and unfavourable variances are presented in brackets.

The 2021/22 final budget totals net expenditure of £66.3m, which is an increase of £2m (3.1%), compared with the original budget of £64.3m. The increase is analysed at Appendix 1, which shows the main variations relate to timing in Supplementary Revenue Projects £1.1m; £0.7m COVID-19 impacts in revised budgets and £0.6m for pension strain partly offset by fundamental review changes (pump priming) amounting to £0.5m.

The overall outturn underspend of £2.9m comprises variations across several services which are detailed in paragraphs 2 to 5 in this report. The main variations are:

- Chamberlain's decreased net expenditure of £1.981m– largely due to a net increase in insurance commissions, dividend, and additional grant income.
- Chief Operating Officer- decreased net expenditure of £0.407m – mainly due to slippage of IT projects into 22/23.
- Town Clerk – £0.096m increased net expenditure largely due to additional spend in security requirements and a shortfall in income due to part closure in the year.
- City Surveyor CWP & City Surveyor - decreased net expenditure of £1.568m – mainly due to slippage of cyclical works programmes and Covid-19 measures in place causing reduced expenditure in the Guildhall complex.
- Remembrancer- increased net expenditure of £0.456m due to fewer events generating less income as a result of Covid-19 restriction.

Agreed carry forward amount to £773k and are detailed at Appendix 2. Of these amounts, £272k are for the Chamberlain's department and £501k relates to Chief Operating officer.

Appendix 3 provides a detailed comparison of the local risk outturn against the final budget for each Chief Officer broken down by Division of Service and includes explanations of significant variations.

Recommendations

Members are asked to note the:

- revenue outturn for 2021/22 showing an overall favourable variance to final budget of £2.9m; and
- Agreed carry forward of local and central risk budget of £773k to 2022/23.

Main Report

Budget Position for 2021/22

1. The 2021/22 original budget for the services overseen by your Committee was £64.3m. This has subsequently been increased to a final budget of £66.3m. The increase of £2m is summarised below and by Chief Officer at Appendix 1.

Summary of Movements from 2021/22 Original Budget to 2021/22 Final Budget	Net £000
Original Budget 2021/22	(64,288)
Supplementary Revenue Projects, Transformation Fund budgets and budget adjustments	(1,134)
Realignment of budget to reflect impact of Covid on income generation	(687)
Changes in the timing of cyclical repairs and maintenance works programme	157
Net movement in pension strain budget	(646)
Fundamental review changes (pump priming)	500
Net movements including carry forward, contingency allocation, apprentice funding and other minor changes	(154)
Final Budget 2021/22	(66,252)

Expenditure and unfavourable variances are presented in brackets.

Revenue Outturn for 2021/22

2. Actual net expenditure for the operational services overseen by your Committee totalled £63.4m, a favourable variance of £2.9m compared to the final budget of £66.3m. A summary comparison with the final budget is shown below.

Summary comparison of 2021-22 Revenue Outturn with Final Budget				Notes at para.
	Final Budget £000	Revenue Outturn £000	Variation Better / (Worse) £000	
Local Risk				
The Chamberlain	(9,360)	(9,264)	96	3i
The Chief Operating Officer	(11,490)	(11,679)	(189)	3ii
The Town Clerk	(1,555)	(1,739)	(184)	3iii
The City Surveyor	(9,356)	(9,310)	46	3iv
The City Surveyor CWP	(3,987)	(2,634)	1,353	3iv
The Remembrancer	292	(83)	(375)	3v
Total Local Risk	(35,456)	(34,709)	747	
Central Risk				
The Chamberlain	(14,601)	(12,716)	1,885	4i
The Chief Operating Officer	(1,030)	(434)	596	4ii
The Town Clerk	(666)	(578)	88	4iii
The City Surveyor	(6,151)	(5,982)	169	4iv
The Remembrancer	(186)	(267)	(81)	4v
Director of Community and Children's Services	(59)	(60)	(1)	
Total Central Risk	(22,693)	(20,037)	2,656	
Capital and Support Services	(8,103)	(8,655)	(552)	
Committee Total	(66,252)	(63,401)	2,851	

Expenditure and unfavourable variances are presented in brackets.

3. The main local risk variations comprise:

i. **Chamberlain £96,000 underspend**

The underspend is mainly due to additional grant income and savings from holding vacancies across several services partly offset by an overspend which relates to the 12% savings target not being fully achieved and a reduction in income as a result of fewer Freedom ceremonies taking place.

ii. **Chief Operating officer £189,000 overspend**

The overspend is mainly due to additional revenue pressures in IT costs partly offset by a reduction in internal legal fees and savings from vacancies.

iii. **Town Clerk £184,000 overspend**

Overspend is mainly due to additional security requirements which were over and above the corporate contract amount and only 9 months commission was received as Mansion House was not open for events in the first quarter of the year.

iv. **City Surveyor & City Surveyor CWP £1,399,000 underspend**

Underspend is mainly due to slippage of the cyclical works programmes and reduction in reactive and maintenance work at the Guildhall and Walbrook Wharf due to reduced occupancy during Covid. This was partly offset by

additional costs incurred to ensure the Central Criminal Court remained operating throughout the year.

v. Remembrancer £375,000 Overspend

This is mainly due to the pandemic restrictions in the first half of the year. Fewer events were able to take place than budgeted therefore the income target was not achieved. This was partly offset by the reduction in requirement for security, overtime and equipment hire.

4. The main central risk variations comprise:

i. Chamberlain £1,885,000 underspend

This comprises a net increase in insurance commissions and dividend, together with additional income received from the National non-domestic rates allowance to cover running costs of the department.

ii. Chief Operating officer £596,000 underspend

This is mainly due to several IT projects which were not completed in 2021/22 which will be rolled over to 2022/23.

iii. Town Clerk £88,000 underspend

This underspend relates to reduced catering cost at Guildhall club due to part closure for the year as a result of the pandemic.

iv. City Surveyor £169,000 underspend

This is mainly due to reduced employer pension contributions at the Central Criminal Court, due to fewer judges in the scheme plus an additional recovery of premises insurance, rates and other premises costs, partly offset by additional rates and energy costs at Guildhall complex.

v. Remembrancer £81,000 Overspend

This overspend is mainly due to a shortfall in income, as a result of fewer events taking place in the year.

Carry Forwards to 2022/23

5. Total agreed carry forward is £773,000, of which £58,000 relate to local risk for the Chamberlain and £715,000 relate to central risk which comprises £214,000 for the Chamberlain and £501,000 for the Chief Operating officer. Details of the carry forwards are set out in Appendix 2.

Year-end position and financial pressure in 2022/23

Looking forward to 2022/23 there are a number of identified financial risks

- i. Whilst departments managed to find the 12 % savings targets with one off savings in 2021/22 a number still have to identify permanent savings to meet their 12% savings target in 2022/23 and future years. If they fail to do so, there is a risk that these savings will not be sustainable in the medium term.
- ii. In 2020/21 the Remembrancer's shortfall was as a result of reduced events due to the pandemic. Going forward the Remembrancer needs to ensure the

number of fee paying events held recovers to pre pandemic levels to avoid further overspendings.

Appendices:

Appendix 1 – Analysis of Movements from 2021/22 Original Budget to 2021/22 Final Budget

Appendix 2 – Agreed Carry Forwards to 2022/23

Appendix 3 – Comparison of 2021-22 Revenue Outturn with the Final Budget for Local Risk

Appendix 4 – Commentaries on 2021-22 Revenue Outturn with the Final Budget for Local Risk & Central Risk

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Finance Committee Operational Services
Analysis of Movements from 2021/22 Original Budget to 2021/22 Final Budget

Local Risk Budget Movements by Chief Officer	£000
Original Local Risk Budget (Chamberlain)	(9,789)
Income from support service to use of Facilities/Outside organisation, central to local budget	247
Fundamental review changes	500
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(318)
Final Local Risk Budget (Chamberlain)	(9,360)
Original Local Risk Budget (COO)	(11,407)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(83)
Final Local Risk Budget (COO)	(11,490)
Original Local Risk Budget (Town Clerk)	(2,285)
Decrease in Surveyor's Repairs & Maintenance budget	731
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(1)
Final Local Risk Budget (Town Clerk)	(1,555)
Original Local Risk Budget City Surveyor	(12,662)
Increase in Surveyor's Repairs & Maintenance budget	(574)
Realignment of budget to reflect impact of Covid on income generation	(115)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	8
Final Local Risk Budget City Surveyor	(13,343)
Original Local Risk Budget (Remembrancer)	307
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(13)
Contribution Pay	(2)
Final Local Risk Budget (Remembrancer)	292
Total Local Risk Final Budget	(35,456)

Analysis of Movements from 2021/22 Original Budget to 2021/22 Final Budget (continued)

Central Risk Budget Movements by Chief Officer	£000
Original Central Risk Budget (Chamberlain)	(13,997)
Pension Strain Budget	(269)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(270)
Change in insurance premium and software licence costs	178
Estimate provided by the Mercers company for expected rental income	4
Income from support service to use of Facilities/Outside organisation, central to local budget	(247)
Final Central Risk Budget (Chamberlain)	(14,601)
Original Central Risk Budget (COO)	0
Pension Strain Budget	(58)
Increase in Supplementary Revenue Projects	(366)
Increase Communications and Computing budget	(498)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(108)
Original Central Risk Budget (COO)	(1,030)
Original Central Risk Budget (Town Clerk)	(553)
Pension Strain Budget	(38)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(75)
Final Central Risk Budget (Town Clerk)	(666)
Original Central Risk Budget (City Surveyor)	(4,846)
Pension Strain Budget	(281)
Increase in Supplementary Revenue Projects	(279)
Budget from transformation fund for offsite delivery hub	(173)
Budget for COVID project	(572)
Final Central Risk Budget (City Surveyor)	(6,151)
Original Central Risk Budget (Remembrancer)	(186)
Final Central Risk Budget (Remembrancer)	(186)
Original Central Risk Budget (Director of Community and Children's Services)	(59)
Final Central Risk Budget (Director of Community and Children's Services)	(59)
Total Central Risk Final Budget	(22,693)
Original Capital and Support Services Budget	(8,811)
Net movement in central recharges	708
Final Capital and Support Services Budget	(8,103)
TOTAL 2021/22 ORIGINAL BUDGET	(60,875)
MOVEMENT	(1,390)
TOTAL 2021/22 FINAL BUDGET	(62,265)

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

**Finance Committee Operational Services
Agreed Carry Forwards to 2022/23**

Local Risk Carry Forwards by Chief Officer	£000
<u>The Chamberlain (City Fund)</u> Fundamental Review Projects 2021/22 Delays due to COVID presenting other priorities for the IT team. The delayed projects include: New Burden Fund to provide support to Revenues Teams in delivering Covid 19 Business Support Grants.	58
Total Chamberlain (Local Risk)	58
Total Local Risk Carry Forwards	58
Central Risk Carry Forwards The delayed projects include: <u>The Chamberlain (Guildhall Admin)</u> Funding to improve the functionality on the payroll Midland IT system. (GA) Implementation of a replacement income management system	£000 70 144
Total Chamberlain (Central Risk)	214
<u>The Chief Operation Officer IT (Guildhall Admin)</u> Microsoft E5 Telephony, Security & Power BI Implementation	501
Total Chief Operating Officer (Central Risk)	501
Total Central Risk Carry Forwards	715
Total Central Risk Carry Forwards	715
TOTAL APPROVED CARRY FORWARDS	773

Finance Committee Operational Services
Comparison of 2021/22 Revenue Outturn with Final Budget for Local Risk

Comparison of 2021-22 Revenue Outturn with Final Budget				
	Final Budget	Revenue Outturn	Variation Better / (Worse)	Notes
	£000	£000	£000	
By Chief Officer				
Local Risk				
The Chamberlain	(9,360)	(9,264)	96	i-v
The Chief Operating Officer	(11,490)	(11,679)	(189)	vi-vii
The Town Clerk	(1,555)	(1,739)	(184)	viii
The City Surveyor	(9,356)	(9,310)	46	x-xii
The City Surveyor CWP	(3,987)	(2,634)	1,353	ix
The Remembrancer	292	(83)	(375)	xiii
Total Local Risk	(35,456)	(34,709)	747	
Central Risk				
The Chamberlain	(14,601)	(12,716)	1,885	xiv
The Chief Operating Officer	(1,030)	(434)	596	xv
The Town Clerk	(666)	(578)	88	xvi
The City Surveyor	(6,151)	(5,982)	169	xvii
The Remembrancer	(186)	(267)	(81)	xviii
Director of Community and Children's Services	(59)	(60)	(1)	
Total Central Risk	(22,693)	(20,037)	2,656	
Capital and Support Services	(8,103)	(8,655)	(552)	
Committee Total	(66,252)	(63,401)	2,851	
By Division of Service				
Chamberlain's - General	(22,262)	(21,197)	1,065	
Chamberlain's - Internal Audit	(812)	(702)	110	
Chamberlain's - Business Support	(1,433)	(1,635)	(202)	
Chamberlain's Court	(174)	(232)	(58)	
Cost of Collection	(610)	355	965	
Chief Operating Officer- City Procurement	(2,235)	(2,093)	142	
Chief Operating Officer- IT	(10,907)	(10,701)	206	
Chief Operating Officer	(221)	(197)	24	
Corporate Services - Town Clerk	(455)	(409)	46	
Central Criminal Court	(6,367)	(6,107)	260	
Shrieval Support	(327)	(313)	14	
Mansion House Premises	(1,712)	(1,869)	(157)	
Mayor's Court	(129)	(81)	48	
Walbrook Wharf	(928)	(854)	74	
Guildhall Complex - City Surveyor	(17,251)	(16,505)	746	
Guildhall Complex - Remembrancer	389	(190)	(579)	
Corporate Services - Remembrancer	(327)	(213)	114	
Gresham	(491)	(458)	33	
Division of Service Totals	(66,252)	(63,401)	2,851	

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

The local risk favourable variance of £747,000 against the final budget comprises of:

- i. **Chamberlain's General £497,000 overspend** – largely relates to the vacancy factor and the 12% savings target not being fully achieved.
- ii. **Chamberlain's Internal Audit £112,000 underspend** – largely relates to savings from holding vacant posts and a reduction spend for fees and services provided by a third-party partner provider.
- iii. **Chamberlain's Business Support £14,000 overspend** – largely relates to shortfall in the 12% savings required, offset by underspends across several supplies and services headings including equipment, stationery and printing as a result of the office being closed during the pandemic.
- iv. **Chamberlain's Court £53,000 overspend** - Overspend relates to shortfall in income due to the pandemic. The court performs 'in person' ceremonies and with the restrictions to ensure safety of officers and visitors reduced number of ceremonies were performed compared to budget.
- v. **Cost of Collection £548,000 underspend** – additional income of £511,000 in New Burdens Grant Funding for administering the Covid Business Support Grants plus £102,000 from the Greater London Authority which supports a Business Rates maximisation project offset by extra running costs.
- vi. **Chief Operating officer City Procurement £87,000 underspend** – relates to a reduction in internal legal fees of £98,000 offset by lower income of £11,000 from payment scheme relating to a corporate supplier.
- vii. **Chief Operating officer IT £276,000 overspend** – is largely due to additional revenue pressures in areas such as Telephony, Virtual Private Network, and the migration to Microsoft Azure Cloud.
- viii. **Mansion House Premises £191,000 overspend** – is largely due to additional security requirements which were over and above the corporate contract amount. Also only 9 months commission was received as Mansion House was not open for events in the first quarter of the year.
- ix. **City Surveyor CWP £1,353,000 underspend** – is mainly due to slippage of cyclical works programmes expected to be completed in 2021/22 will now roll over into 2022/23 as reported to Operational Property and Project Sub Committee May 2022
- x. **City Surveyor £274,000 underspend** is mainly due to reduction in reactive and maintenance work due to the reduced occupancy and no requirement for any overtime in 2021/22 at the Guildhall Complex.
- xi. **Walbrook Wharf £53,000 underspend** - Works planned for 2021/22 were deferred until 2022/23 so that they could align with other projects commencing in that year

- xii. **Central Criminal Court £280,000 overspend** – largely due to additional costs of £213,000 incurred on temporary cleaning staff, overtime, and equipment to ensure the Court remained Covid safe and operational throughout the year and £75,000 overspend on energy due to the increased prices in the latter part of the year.
- xiii. **Remembrancer £375,000 overspend** - This is mainly due to the pandemic restrictions in the first half of the year, fewer events were able to take place than budgeted therefore the income target was not achieved which was offset by the reduction in requirement for security, overtime and equipment hire.

The Central risk favourable variance of £3,150,000 against the final budget comprises of:

- xiv. **Chamberlain £1,885,000 underspend** – This is mainly due to a net increase in insurance commissions and dividend from City RE the City's wholly owned insurance subsidiary company totalling £1,400,000 plus additional income received from National non-domestic rates allowance £423,000 for running cost of the department.
- xv. **Chief Operating officer £596,000 underspend** – This is due to slippage of IT projects such as the IT Transformation project, Microsoft E5 and Security & power BI implementation which was not completed in 2021/22 to be rolled over to 22/23.
- xvi. **Town Clerk £88,000 underspend** - This underspend relates to reduced catering cost at Guildhall club due to part closure for the year as a result of the pandemic.
- xvii. **City Surveyor £169,000 underspend** – Underspend comprises of a reduction in judges pension requirements, increased recharges of previous costs to courts services plus a further reimbursement of judges pension contribution from the court service (including for 2020/21). This was offset by an overspending on the Guildhall complex due to business rates and some historic energy costs.
- xviii. **Remembrancer £81,000 Overspend** - This overspend is mainly due to a shortfall in income, as a result of fewer events taking place in the year income target was not achieved Fewer committee dinners took place. Some salary costs were also recovered from the Market Relocation Project in respect of work on the Markets bill.

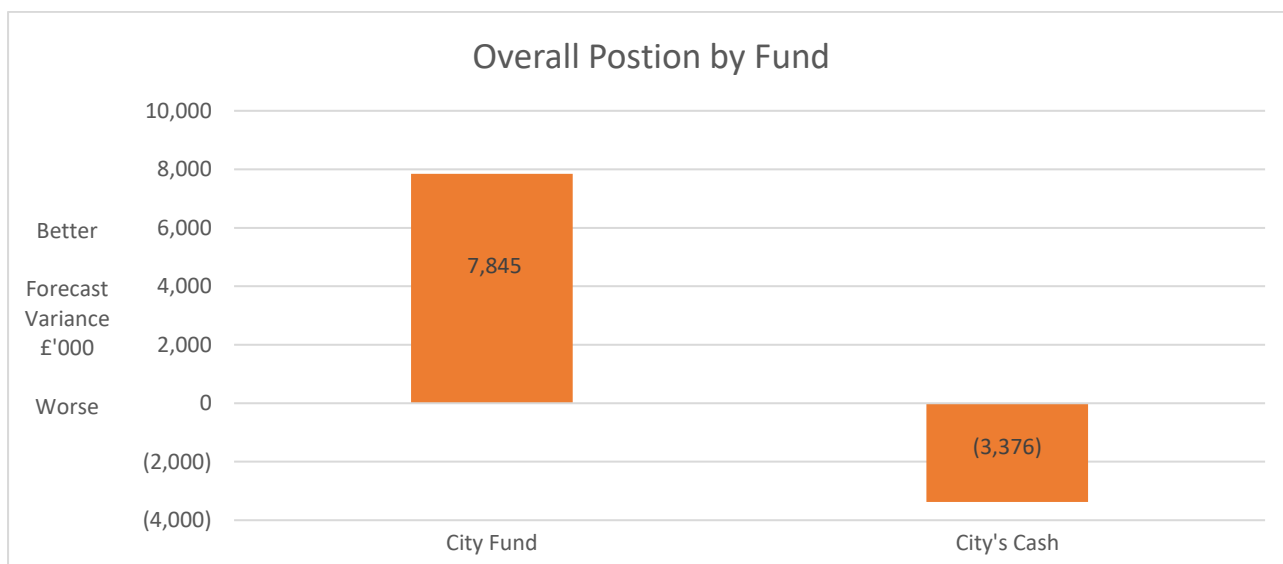
Committee	Dated:
Finance Committee	19 July 2022
Subject: Revenue Budget Monitoring to June 2022	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Information
Report author: Amanda Luk, Financial Services Division	

This report provides an update on City Fund and City's Cash quarter one position.

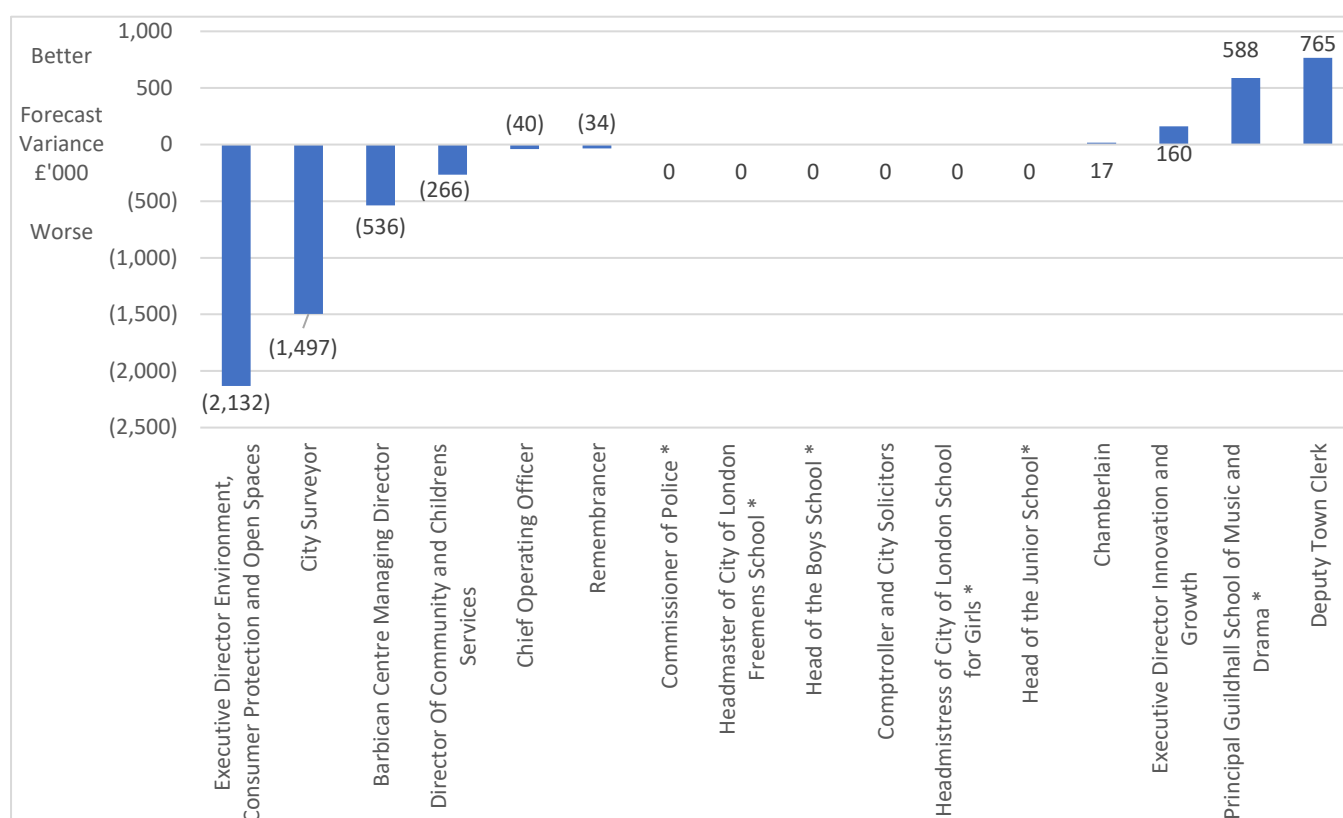
Position by Fund

The overall position is an underspend of £4.4m made up of the following net positions:

- City Fund £7.8m Underspent
- City's Cash £3.4m Overspent



Chief Officer Cash Limited Budgets



* These Chief Officers hold ringfenced reserve balances which can offset any of their adverse variance

Expenditure remains close to budget across most areas.

Significant variances to note are as follows:

- City Surveyor (CS) forecast is an overspend of £1.5m relating to £0.7m unidentified savings, to be addressed by the CS TOM – report going to Corporate Services Committee in September if agreed full impact of savings will be achieved in 2023/24; an overspend of £0.5m on City Fund Estate due to additional business rate costs and reduced service charge recovery from voids, whilst void costs are recoverable from reserves held these are additional costs incurred which may need to be considered to be recovered from central contingencies – to be reviewed; and £0.2m additional costs for security and loss of income from 65a Basinghall Street, used by the COVID test centre.
- Executive Director Environment forecast overspend of £2.1m, predominately relates to unidentified savings as follows: £1.9m on Planning and Transport, £0.4m on cleansing management and £0.2m across City Open Spaces. The Executive Director is working on a 5 year savings plan to achieve permanent year on year savings, however in the interim mitigations are being reviewed.

Central Risk Budgets

	Original Budget	Latest Approved Budget	Forecast	Forecast Variance Better / (Worse)	
	£'000	£'000	£'000	£'000	%
<u>Property Investment Income</u>					
City Fund	39,693	39,693	40,212	519	1%
City's Cash	56,923	56,923	53,515	(3,408)	(6%)
Total Property Investment Income	96,616	96,616	93,727	(2,889)	(3%)
<u>Interest on Cash Balances</u>					
City Fund	6,404	6,404	13,929	7,525	118%
City's Cash	93	93	1,497	1,404	1,510%
Total Interest on Cash Balances	6,497	6,497	15,426	8,929	137%
Grand Total	103,113	103,113	109,153	6,040	6%

Significant variances:

- City's Cash property investment income is forecast £3.7m under budget due to a shortfall of £3.4m on the March 22 rental income forecast - relates to on-going impact of Covid.
- Income from interest on cash balances is currently forecast to exceed budget by £8.9m due to higher than anticipated interest rates.

Whilst this benefits the revenue position there is a negative impact to the fair value of investments, for Quarter 1 these are currently estimated as unrealised capital losses of £5.1m on City Fund and 0.9m on City's Cash.

The return on investments and valuations will be volatile throughout the year due to changes in interest rate expectation. These changes will be reviewed as part of the budget setting process for 23/24 and 5-year forecast.

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Committee(s):	Date:
Finance Committee – For Information	19 th July 2022
Subject: Key Income Collection Update	Public
Report of: Chamberlain	For Information
Report author: Phil Black – Head of Financial Shared Services	

Summary

This report provides an update on collection performance for the City of London's income streams including key income streams for Investment Property, Operational Property, Business Rates and Council Tax.

The report also provides a general update on issues relating to Business Rates and Council Tax and their potential impact on City income.

Business Rates income continued to recover well during 21/22 with in-year collection around 2% down on the pre pandemic levels, and nearly 1% up on 20/21. Quarter 1 collection continues to demonstrate continued improvement with Business Rates increasing on Q1 21/22 rates and Council Tax in year collection now above pre-covid levels.

Investment property income continues to improve with total arrears at June quarter day minus 1 at £15.9m (£13.6m of which is rent). Deferrals, which are down to £0.921m continue to be paid which is contributing to the continuing improvement. The moratorium on recovery action has now been lifted but there are limitations on recovery action that remain in place, so the full impact on Investment Property of the pandemic may not be evident for some months.

Operational Property Arrears began to be closely monitored from October 2020. They are decreasing with deferrals being paid. Detailed reports are regularly being submitted to Corporate Assets Sub Committee giving further details of Operational Property Arrears and Tenant Support.

Income collection figures continue to be monitored closely and are fed into the thinking and assumptions in the MFTP. Current forecasts on City Fund have not hit the risk triggers that were put in place as part of the pandemic response.

Recommendations

Members are asked to:

- note the contents of the report.

Main Report

Background

1. As a result of the Covid-19 Pandemic the City's key income streams have been placed under unprecedented pressure. Initial 2020/21 forecasts for the eventual Income outturn looked bleak. Improvements were made in some areas, particularly Business Rates and Council Tax where the overall impact has been less than initially feared.
2. There is still some significant uncertainty around the eventual outcome for both investment and operational property arrears but improvements are being seen. The support provided to businesses through the deferral scheme appear to have been successful with most businesses now meeting their obligations to repay these amounts.
3. All property income is being closely monitored. The level of collection is a key indicator and is feeding in to the assumptions being made in the MTFP. The current forecasts for City Fund are still within target and have not hit the risk triggers that were put in place as part of the response to the pandemic. However, there is still risk across the property portfolio as the full impact of the pandemic on business may not become apparent until full recovery action can be initiated. Further details on triggers and risk are detailed in the Monthly Risk Management Report.
4. The Chancellor announced a continuation of business rates relief of 50% (up to a limit of £110,000 per business) to the retail, leisure and hospitality sector and this was applied to all eligible business rate accounts for 2022/23. Further reliefs were announced relating to property improvement's and onsite renewable energy generation. These reliefs will be fully funded by Government but guidance on their application has yet to be published.
5. Overall income collection across all income streams is good with no concerns around collection rates or outstanding debt levels.

Current Collection Rates for Key Income Streams

6. Below are the collection rates over the last three years as at 1st April and trends are analysed in the following paragraphs:

	Q1	Q2	Q3	Q4
Business Rates 22/23	35.58%	TBC	TBC	TBC
21/22 Collection Rate	34.81%	58.74%	86.09%	97.63%
Council Tax 22/23	30.90%	TBC	TBC	TBC
21/22 Collection Rate	26.80%	52.10%	80.20%	96.30%

Investment Property Income 22/23	90.88%	TBC	TBC	TBC
21/22 Collection Rate	89%	82.96%	84.28%	84.53%

Business Rates

7. Business Rates collects approximately £1.2 Billion per annum. This is not a fixed target as factors such as reliefs, deletions and new properties will change the collectable debit. For these same reasons 100% collection would be impossible to achieve. However, the percentage in-year collection rate provides a key indicator for how Business Rate collection has performed.
8. Collection was anticipated to fall in 20/21 by up to 6% due to the pandemic impact. However, by year end collection was less than 3% down on the previous year. This continues to improve with 22/23 Quarter 1 collection up on the same point in 21/22.
9. In order to assist Businesses the Business Rate Team has accepted longer and more flexible arrangements to collect business rates. this coupled with the ending of the 100% retail relief in July will also have had an impact on the collection rate. Where businesses fail to engage, the City continues to use all statutory recovery methods available to maximise collection.
10. Whilst the collection rate is a slight concern it will not have a material impact on the overall amount that the City receives from the Business Rate Retention scheme. Contingencies such as the bad debt provision assumed in the NNDR1, particularly around retail, reduce any significant risk. Business Rates is also split between Government, GLA with the City, so any reduction is limited to the 30% City share.
11. The recent autumn budget and Business Rates announcements have made no mention of an end to the current business rate retention scheme, which suggests that the City will continue to benefit in 2022/23 from the growth achieved since 2017.
12. The City has launched an Covid Additional Restriction Relief scheme (CARF). The government scheme requires local authorities to provide an allowance against ratepayer NNDR liabilities, rather than pay as a grant to the business. The City received approximately £64m to fund this scheme.
13. To maximise the amount of money retained in the City, the City has formed a business rate pool with 7 other authorities. This will allow more business rates to be retained by the 8 authorities.
14. The City's proposed scheme will provide relief of approximately 20% against the net 2021/22 NNDR liability for approximately 13,800 office properties and 4 commercial car parks that meet the scheme's eligibility criteria.

Council Tax

15. Council Tax collection has recovered well and is now above pre-covid levels for Q1. Collection inclusive of arrears is slightly down on pre-covid levels which is to be expected with longer arrangements in place. Council Tax collect approximately £9 million in Council Tax per annum. This is not a fixed target as changes occur throughout the year so achieving 100% collection is impossible. However, the percentage in-year collection rate provides a key indicator for how Council Tax collection has performed
16. The Council Tax Team are administering the Council Tax Energy Rebate scheme. This is a payment of £150 to all properties in Band A – D. The City has also launched a discretionary scheme which is targeted at vulnerable residents in properties E-H. The team have so far administered 926 grants totalling £138,750.

Property Income

17. The Government Moratorium against taking Enforcement action for non-payment of rent and other related property arrears was extended until March 2022 with limitations on Covid related arrears in place until September 2022, making ongoing recovery challenging.
18. The current arrears for Investment Property are £15.9m as at June quarter day minus 1, £13.6m of this relates to rent. At the same point in 2021/22 arrears were at £24.6m with £22.8m relating to rent. This shows a significant improvement and demonstrates that the deferral scheme was particularly effective.
19. The Operational Portfolio has arrears of around £6.8m which includes the Smithfield Commercial Offices. This sum excludes a further £5.4m relating to residential HRA properties including the service charges in dispute at Great Arthur House.
20. The Chamberlain's Accounts Receivable Team continues to work closely with Asset Managers in City Surveyors to negotiate payment arrangements and agree repayment plans. This continues to work well but it is accepted that the full impact on property income may not be known until full enforcement action is permitted.

Sundry Debt Collection

21. Debt levels across the Corporation remain relatively low with the total outstanding aged debt currently at around £11.6m. Of this around £913K is over 1 year old.
22. Collection rates in each Department are high with most departments achieving 98% or above in their collection rates. Overall the City is achieving a 99.44% collection rate for Sundry Income. A full breakdown by Department is provided at Appendix A.

Phil Black

Head of Financial Shared Services

T: 020 7332 1348 E: phil.black@cityoflondon.gov.uk**Appendix A – Department Collection Rates**

Dept desc	Orig Amount £	Balance £	Collection rate %
Barbican Centre	248,698,071	2,078,034	99.16
Central Criminal Court	16,548,277	3,300	99.98
Chamberlain's	131,601,029	180,120	99.86
City of London Freemens' School	3,381	0	100.00
City of London School for Girls	1,876,898	0	100.00
City of London School	1,606,195	21,041	98.69
Chief Operating Officer	102,306	0	100.00
DCCS Adults Services	64,076,510	1,811,590	97.17
DCCS Barbican Estate	2,078,528	35,570	98.29
DCCS Family & Young People	2,320,581	96,500	95.84
DCCS Housing	4,925,388	248,002	94.96
Community & Childrens Services	289,526	4,178	98.56
Community Services Social Services	2,080,140	900	99.96
DTS	-82	0	100.00
DTS Projects Projects	16,994,069	0	100.00
Environmental Services DTS	9,048,721	0	100.00
Built Environment	293,809,939	1,895,202	99.35
Built Environment	196,915,899	671,114	99.66
ENV Projects Projects	12,360,443	0	100.00
Young London	2,864,109	23,025	99.20
Guildhall Club	2,405,765	0	100.00
Guildhall School of Music and Drama	13,969,020	80,241	99.43
Heart of the City	434,576	570	99.87
Culture, Heritage & Libraries	4,737,726	0	100.00
Mansion House	8,384,040	132,126	98.42
Markets (Billingsgate)	10,528,312	65,463	99.38
Markets (Central - Smithfield)	25,389,812	200,612	99.21
Markets and Consumer Protection	75,944,926	1,142,337	98.50
Markets (Spitalfields)	12,160,446	305,753	97.49
Open Spaces	51,546,387	499,539	99.03
Planning and Transportation	114,970,994	0	100.00
City of London Police	218,311,307	929,287	99.57
Remembrancer's	36,889,981	22,314	99.94
Comptroller and City Solicitor's Department	103,559,047	280,637	99.73
Shoreditch Trust (City Surveyors)	3,429,965	0	100.00
City Surveyor's	294,816,586	367,722	99.88
SVY Projects Projects	15,092,530	0	100.00
Aldgate School	2,982,025	14,725	99.51
Tower Bridge	20,466,175	91,557	99.55

Town Clerk's Bridgehouse Grants	8,037,452	8,142	99.90
Security and Contingency Planning	1,775,214	0	100.00
Education	1,147,061	0	100.00
Town Clerk's	23,163,389	347,102	98.50
London Metropolitan Archives	5,096,893	121,350	97.62
Occupational Health	262,680	0	100.00
Public Relations	1,443,901	0	100.00
Records Office	94	0	100.00
Printing and Stationery	307,229	0	100.00
Learning and Development	177,555	0	100.00
Innovation & Growth	8,123,241	1	100.00
	2,073,754,256	11,678,052	99.44

Committee(s): Finance Committee	Dated: 19 July 2022
Subject: Chamberlain's Business Plan – Quarter 1 update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	3, 5, 8 & 10
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For information
Report author: Caroline Al-Beyerty – Chamberlain & CFO	

Summary

The Chamberlain's department has made good progress on its Business Plan approved by this committee at the meeting on 9 November 2021. This report outlines key progress against Chamberlain's departmental objectives.

Recommendation

Members are asked to note the report.

Main Report

Current Position

- Highlights from the last three months include:
 - Good Progress has been made in all areas to recruit following the agreement of the Chamberlain's target operating model.
 - Financial Services:
 - Completion of City Cash 2020/21 audit.
 - Commencement of 2021/22 year end closure in accordance with closing timetable.
 - Medium-term-financial-plan updated to RASC away day, including proposals for mitigations/efficiencies.
 - Financial Shared Services:
 - The City is administering the Covid Additional Restriction Relief (CARF) scheme during July. This will assist approximately 11,800 businesses including offices and public car parks with a rateable value of less than £750,000. This will provide a 20% business rates discount to businesses that have previously received no covid support.
 - The Council Tax Team are currently dealing with the £150 Energy Rebate Grants on behalf of Central Government. The Team have administered 926 grants totalling £138,750.00.

- Corporate Treasury:
 - Successful renewal of the June insurance policies.
- The Chamberlain's Office:
 - The Freedom Fee has now been increased to £150 to allow the Chamberlain's Court to better cover the cost of running.
- Internal Audit and Counter Fraud:
 - Completion of 8 Internal Audit reviews and 4 further items of other assurance work, updates made to all Audit Committees covering the year end position for 2021/22 and year to date for 2022/23.

Corporate & Strategic Implications

2. Strategic implications – Strategic priorities and commitments are expressed in **Appendix 1**.
3. Financial implications – The high-level summary Business Plan at **Appendix 1** has been drawn up on the basis of a 12% reduction in the departmental budget compared to 2022/23.
4. Resource implications – Any changes to resources will be identified and delivered through the move to the Target Operating Model.
5. Legal implications – None.
6. Risk implications – Key risks managed by the department are included in the draft high-level summary Business Plan at **Appendix 1**.
7. Equalities implications – The department has a separate Equalities and Inclusion Plan which aims to improve the department's Equalities position for employees. Where appropriate the department will complete Equality Impact Assessment for upcoming changes.
8. Climate Implications – Under the Climate action strategy the departments Corporate Treasury function is responsible for delivering Scope 3 emission actions related to our financial investments.
9. Security implications – There are no security implications to the proposals put forward in the Chamberlain's Business Plan.

Appendices

- Appendix 1 – Chamberlain's Business Plan update

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Chamberlain

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Key updates from this quarter

- Completion of City Cash 2020/21 audit
- Commencement of 2021/22 year end closure in accordance with closing timetable
- Medium-term-financial-plan updated to RASC away day, including proposals for mitigations/efficiencies
- Key appointments to FSD include: Financial Services Director and Assistant Director, Strategic Finance, Head of Finance – GSMD, Chief Accountant and ERP Programme Director, first major steps to strengthen the strategic capacity. Recruitment inflight for tier 4
- Pause on the FSD TOM implementation, providing an opportunity to listen and act on feedback, working with officers to develop an effective enabling finance function. This also provides an opportunity for development and internal progression.
- Transformation programme commenced, including alignment of resources, process improvements and automation

Plans for the next quarter

- Continuation of recruitment plan, providing opportunities for internal progression complemented with external recruitment.
- Commencement of budget setting for 2023/24
- Review of capital programmes inflight/approved but not yet started
- Commencement of Star Chamber, led by the Chamberlain and Town Clerk, bedding down of 12%/FR savings
- Completion of draft accounts for City's Cash and City Fund
- Commencement of ERP implementation, finalising scope for tender
- Continuation of transformation programme, upskilling and professional development inside and outside of Chamberlain's department

Changes to our Business Plan priorities

- No changes to business plan priorities.

Challenges faced over this quarter

- Extent of inflationary pressures still unknown and need addressing through mitigations/efficiencies proposed to RASC
- 12%/fundamental review (FR) savings across several Chief Officers still to be confirmed
- Significant vacancies still to be addressed, with internal promotions across Chamberlain teams, FSD is holding 20 vacancies, with Assistant Director yet to join mid-August
- Pause on Enterprise Resource Planning (ERP) tender, loss of key officers and gaps identified in scope/requirements

The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*
- *Outcome 10: We inspire enterprise, excellence, creativity and collaboration*

Key updates from this quarter

- The new team structure as agreed within the Chamberlains TOM review has been adopted, recruitment to vacant posts has commenced.

Business Rates

- The City is administering the Covid Additional Restriction Relief (CARF) scheme during July. This will assist approximately 11,800 businesses including offices and public car parks with a rateable value of less than £750,000. This will provide a 20% business rates discount to businesses that have previously received no covid support.

Council Tax

- The Council Tax Team are currently dealing with the £150 Energy Rebate Grants on behalf of Central Government. The Team have administered 926 grants totalling £138,750.00.

Accounts Payable

- At the end of Q1, the number of invoices on hold stood at 2,885 with a gross value of £18.7m, which compares to 2,302 with a gross value of £29.9m at the start of the quarter. There were 204 outstanding credit notes with a gross value of £707.3k at the end of Q1 compared to 315 worth £803.9k at the start of the quarter.

Property Income

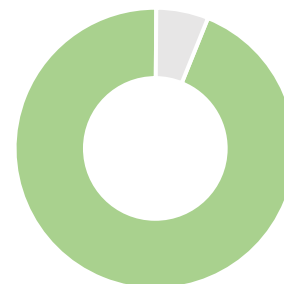
The Government Moratorium against taking Enforcement action for non-payment of rent and other related property arrears was extended until March 2022 with limitations on Covid related arrears in place until September 2022, making ongoing recovery challenging.

- The current arrears for Investment Property are £15.9m as at the end of Q1, £13.6m of this relates to rent. At the same point in 21/22 arrears were at £24.6m with 22.8m relating to rent. This shows a significant improvement and demonstrates that the deferral scheme was particularly effective.
- The Operational Portfolio has arrears of around £6.8m which includes the Smithfield Commercial Offices. The £5.4m relating to residential HRA properties including the service charges in dispute at Great Arthur House are excluded.
- The Chamberlain's Income Team continues to work closely with Asset Managers in City Surveyors to negotiate payment arrangements and agree repayment plans. This continues to work well but it is accepted that the full impact on property income may not be known until full enforcement action is permitted.

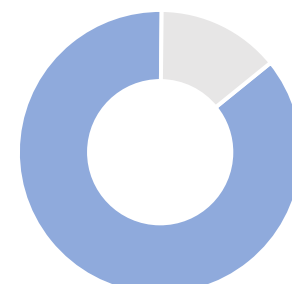
Sundry Debt Collection

- Debt levels across the Corporation remain relatively low with the total outstanding aged debt currently at around £11.6m. Of this around £913K is over 1 year old.
- Collection rates in each Department are high with most departments achieving 98% or above in their collection rates. Overall the City is achieving a 99.44% collection rate for Sundry Income.

Invoices paid within 30 days



Invoices paid to SMEs within 10 days



Challenges faced over this quarter

- Working with limited resources within the team as we transition to the new structure and integrate and train new team members.

Plans for the next quarter

- The team continue to work in the Transformation project to simplify processes, digitalise and bring about more automation.
- The Covid Additional Restriction Relief is being applied shortly and revised rates bills will be required. This is expected to bring an increase in work volumes due to the claiming of any resultant credits.

Changes to our Business Plan priorities

- No changes to business plan priorities.

The Corporate Plan outcomes we have a direct impact on are...

- Outcome 5: Businesses are trusted and socially and environmentally responsible*
- Outcome 8: We have access to the skills and talent we need*
- Outcome 10: We inspire enterprise, excellence, creativity and collaboration*

Key updates from this quarter

- The insurance team have completed the successful renewal of the June insurance policies.
- Following a successful recruitment campaign, a new Responsible Investment & Engagement Manager has been appointed.
- Recruitment adverts for three Senior Accountant roles (as part of the new TOM Structure) and also for the Group Accountant (Treasury & Pensions) role.

Plans for the next quarter

- Formatting work will begin on Income Manager to prepare for interfaces to the new Property Management system (Horizon).
- Processing and issuing of Annual Benefit Statements (ABSs) for deferred and active Members of the LGPS and Police Pension Scheme
- On board new colleagues
- Re advertise for one of the Senior Accountant posts

Changes to our Business Plan priorities

- No changes to business plan priorities.

Challenges faced over this quarter

- Working with limited resources within the team as we transition to the new structure and recruit individuals.
- Meeting a high volume of demand for reports for Committees.
- Closing the accounts.

The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*
- *Outcome 10: We inspire enterprise, excellence, creativity and collaboration*

Key updates from this quarter

- A new Deputy Clerk of the Chamberlain's Court has been appointed following a successful recruitment campaign and the role of Court Assistant is now in the process of being advertised.
- The PA to Financial Services Director has also been appointed.
- The Chamberlain's Court team are progressing with testing of the new Freedom applications system. The new software will manage freedoms administration providing the ability for statistical analysis as well as digitalising formerly manual processes.
- The Freedom Fee has now been increased to £150 to allow the Chamberlain's Court to better cover the cost of running.
- The E,D & I representatives have reviewed the Staff Survey results and made recommendations to SLT to improve inclusivity across the department.

Plans for the next quarter

- Train new colleagues so they are better equipped to fulfil their roles.
- Continue to work on E, D & I plans in conjunction with the newly incoming E, D & I team.
- Continue work on the new Freedoms Application Management system to ensure it is fit for purpose before launch.
- Working with Surveyors on further plans for the Guildhall refurbishment project, providing input at the Workplace Steering Group.
- Continue to support the Chamberlain's Transformation project.

Changes to our Business Plan priorities

- No changes to business plan priorities.

Challenges faced over this quarter

- Working with limited resources within the team as we transition to the new structure.
- The Chamberlain's Court are now seeing pre COVID-19 levels of applications, whilst team are working to reduce the build-up of ceremonies that were not able to be carried out in person due to COVID-19. This work continues to be completed by attending Livery Halls whereby more Freemen are admitted together in a single ceremony. The team are working on plans to reduce the backlog further alongside managing capacity challenges due to turnover of staff.

The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 3: People have equal opportunities to enrich their lives and reach their full potential.*
- *Outcome 8: We have access to the skills and talent we need*
- *Outcome 10: We inspire enterprise, excellence, creativity and collaboration.*

Key updates from this quarter

- The new team structure as agreed within the Chamberlains TOM review has been adopted, recruitment to the position of Auditor was successful, the Principal Auditor recruitment was not.
- Internal Audit work is progressing well, with good engagement from across the organization.
- 11 separate Committee updates have been provided in Q1, including the Annual Head of Internal Audit Opinion.
- Good engagement with Chief Officers at ELB in relation to completed and planned Audit work.
- Fraud prosecution cases are progressing through the Courts now, after some delay as a result of the COVID-19 pandemic, a recent case saw the City awarded £13k from the perpetrator of a housing tenancy fraud, deemed un-lawful profit.

Internal Audit has been working closely with the Corporate Strategy and Performance Team to review and enhance the deep-dive process for examination of Corporate Risks.

Plans for the next quarter

- Recruitment to the Apprentice Auditor position.
- Continued delivery of Internal Audit Reviews.
- Deep Dive reviews of at least 2 Corporate Risks.
- Identification and mapping of the City's main 2nd line of defense functions.

Changes to our Business Plan priorities

- No changes to business plan priorities.

Challenges faced over this quarter

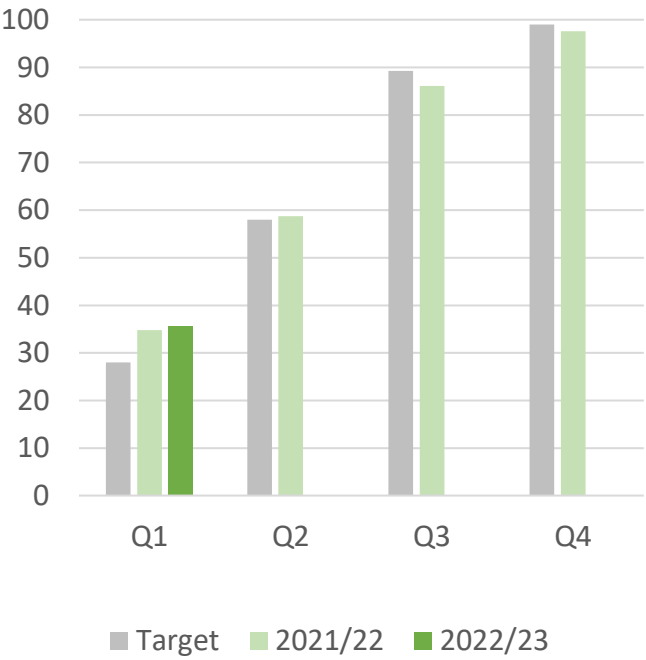
- Working with limited resources within the team as we transition to the new structure.
- Meeting a high volume of demand for Committee reports.

The Corporate Plan outcomes we have a direct impact on are...

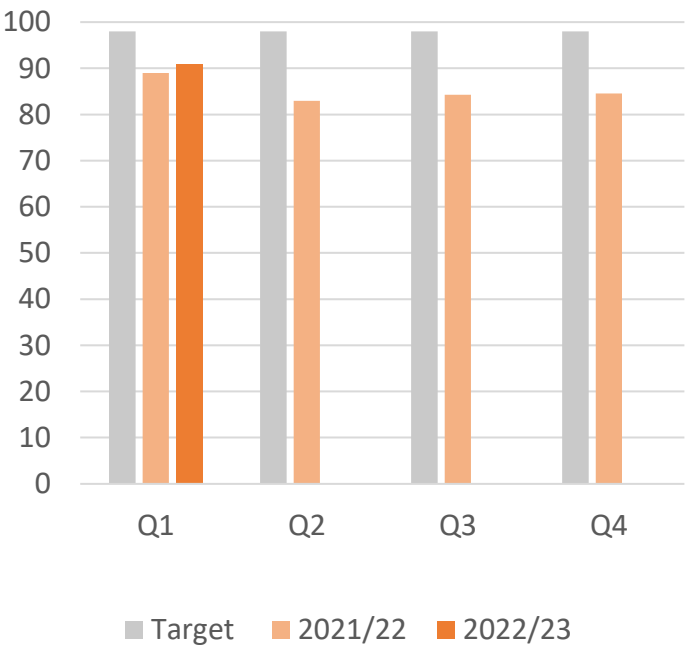
- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*

Key Performance Indicators

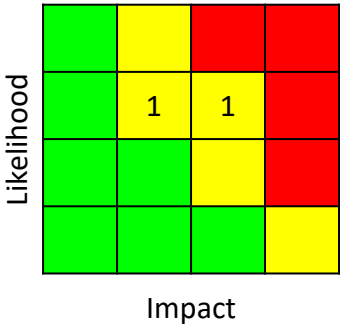
Business Rates collection 22-23
% collected (cumulative)



Commercial Rent Collection 22-23
% collected



Key Risks



Risk Title	Score
CR35 Unsustainable Medium Term Finances	12
CHB 001 Chamberlain's department transformation and knowledge transfer	6



Publication of the Draft City Fund Accounts within Statutory Deadline of 31st July

ON TRACK



Publication of Audited accounts on 30th September

City's Cash completed in December City fund is still in progress



Publication of City's Cash and BHE Accounts

ON TRACK

COMPLETE

Effective financial management: expenditure against departmental local risk budgets +/- 5% at year end

IN PROGRESS FOR 23/24

Delivery of a balanced budget and Medium-Term Financial Plan for City Fund, approved by Court of Common Council by 31 March



Professionally qualified accountancy staff as a % of total finance staff undertaking reporting, controls and decision support processes (measured annually)

TARGET 25%

Committee(s): Finance Committee	Dated: 19 July 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 Information
Report author: Amanda Luk, Financial Services Division	

Summary

This report has been produced to provide Members with an update on the Central Contingencies 2022/23 uncommitted balances.

Since the last report to Committee in June, a sum of £25,000 from the National and International Disaster Fund has been donated to Save the Children to support its aid effort in response to Floods in North-East Bangladesh.

Recommendation(s)

Members are asked to:

- Note the Central Contingencies 2022/23 uncommitted balances.

Main Report

Background

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee, and with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. In addition to the Central Contingencies, the Committee has a specific City's Cash Contingency of £125,000 to support humanitarian disaster relief efforts both nationally and internationally.

Current Position

- The uncommitted balances that are currently available for 2022/23 are set out in the table below.

2022/23 Central Contingencies – Uncommitted Balances 05 July 2022			
	City's Cash	City Fund	Total
	£'000	£'000	£'000
Contingencies			
2022/23 Provision	950	800	1,750
2021/22 Pending brought forward	234	608	842
Total Provision	1,184	1,408	2,592
Previously agreed allocations	(153)	(358)	(511)
Pending recommended allocation	0	0	0
Pending request on the agenda	(427)	(194)	(621)
Total Commitments	(580)	(552)	(1,132)
Uncommitted Balances	604	856	1,460
National and International Disasters			
Total Provision	125	0	125
Previous allocations	(25)	0	25
Uncommitted Balance	100	0	100

- 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.
- There is a request for such a cross fund project in the non-public section of the agenda. The requested amounts are included in the above table.
- Since the last report to Committee in June, a sum of £25,000 from the National and International Disaster Fund has been donated to Save the Children to support its aid effort in response to Floods in North-East Bangladesh.

Conclusion

- Members are asked to note the Central Contingencies uncommitted balances.

Appendices

- Appendix 1 - Allocations from 2022/23 Contingencies

Amanda Luk

Senior Accountant

Financial Services

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Committee(s)	Dated:
Finance Committee	19 th July 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: Bangladesh Flood Appeal (Delegated Authority – 30th June 2022)

Background

The City of London holds a contingency fund in its City's Cash budget, allocated to the International Disasters Fund (IDF) administered by the Finance Committee.

A report on use of this fund was presented to Finance Committee on 19 January 2021 where it was noted:

- a) The strong criteria applied by the Disaster Emergency Committee (DEC) for the selection and monitoring of UK aid charities;
- b) The ability of the Central Grants Unit (CGU) to provide recommendations of appropriate charities to support, including due diligence reviews;
- c) That donations given as restricted to a specific appeal or purpose are required under charity law to be spent directly on that purpose.

When a DEC appeal is not launched, a donation could be made to an individual charity carrying out humanitarian relief in the area. It is acknowledged that the transparent governance controls applied by the DEC means that Finance Committee can be confident in giving direct to the individual charities that are members of the DEC, should they believe this to be the most appropriate use of the Corporations' emergency donations budget.

Charities that do not fall under the DEC can be considered in exceptional circumstances if no DEC partner organisation is working on the ground in an area of need. These will be looked at on a case-by-case basis with full due diligence provided by the CGU.

Bangladesh Flood Appeal

Heavy monsoon rains and water from upstream in India's northeast have inundated large parts of the Sylhet division, leaving millions of people marooned and triggering a humanitarian crisis. Over 100 people have been killed, including children as floods, landslides and lightning strikes have battered Eastern India and Bangladesh in recent days. Water levels are still rising due to heavy rainfall and wider areas may still be affected.

Save the Children are aiming to reach 80,000 through our response providing:

- Hygiene kits
- Water purification tablets
- Unconditional cash/minimum food basket
- School cleaning
- Shelter kits
- Education kits
- Repairing water sources
- Child protection

The Emergency Fund is the best and most efficient way to help children in crisis. Save the Children have already allocated \$100k to North-East Bangladesh earlier this year to respond to flooding and are now allocating an additional \$150k to the latest response. Save the Children is supporting people affected in Sylhet with cash, food baskets, hygiene kits, water purification tablets and mental health support. A second phase of the response is being planned to support with cleaning up schools and reconstructing homes. A donation at this time would support with this critical work.

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 Save the Children, a member of the DEC, to support its aid effort in response to Floods in North-East Bangladesh.

Contact:

John Cater

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

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of the Local Government Act 1972.

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