



Finance Committee

Date: TUESDAY, 6 JUNE 2023

Time: 12.45 pm

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

Members:

Deputy Henry Colthurst	Elizabeth Anne King
Deputy Randall Anderson (Deputy Chairman)	Gregory Lawrence
Deputy Rehana Ameer	Alderman Tim Levene
Shahnan Bakth	Paul Martinelli
Brendan Barns	Catherine McGuinness
Emily Benn	Deputy Andrien Meyers
Nicholas Bensted-Smith	Deputy Brian Mooney
James Bromiley-Davis	Eamonn Mullally
Aaron Anthony Jose Hasan D'Souza	Benjamin Murphy
Alderman Professor Emma Edhem	Paul Singh
Alderman Sir Peter Estlin	Tom Sleigh
Sophie Anne Fernandes	Deputy Sir Michael Snyder
Steve Goodman OBE	Deputy James Thomson
Deputy Madush Gupta	Luis Felipe Tilleria
Michael Hudson	James Tumbridge
Alderman Robert Hughes-Penney	Mark Wheatley
	Deputy Philip Woodhouse
	Deputy Christopher Hayward, Policy and Resources Committee (Ex-Officio)
	Deputy Keith Bottomley, Policy and Resources Committee (Ex-Officio)

Enquiries: Julie.Mayer@cityoflondon.gov.uk

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Ian Thomas
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes of the meeting held on 16th May 2023.

For Decision
(Pages 7 - 14)

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

Members are asked to note the Committee's Workplan.

(Pages 15 - 16)

5. **REPORT OF THE WORK OF THE OPERATIONAL PROPERTY AND PROJECTS SUB COMMITTEE**

Chairman to be heard in respect of the meeting Scheduled for 5th June 2023.

For Information

6. **EFFICIENCY AND PERFORMANCE WORKING GROUP - UPDATE**

Report of the Chamberlain and the Town Clerk.

For Decision
(Pages 17 - 22)

7. **REVIEW OF THE FINANCE REGULATIONS**

Report of the Chamberlain.

For Decision
(Pages 23 - 92)

8. **CHAMBERLAIN'S DEPARTMENTAL RISK MANAGEMENT UPDATE**

Report of the Chamberlain.

For Information
(Pages 93 - 102)

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

Town Clerk to be heard.

For Information

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

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

12. **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

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

To agree the non-public minutes of the meeting held on 16th May 2023.

For Decision
(Pages 103 - 106)

14. **REPORT OF THE WORK OF THE OPERATIONAL PROPERTY AND PROJECTS SUB-COMMITTEES - NON-PUBLIC ISSUES**

Chairman to be heard.

For Information

15. **HIGH-LEVEL MAJOR PROJECTS UPDATE**

Director of Financial Services to be heard.

For Information

16. **KORN FERRY REVIEW OF PAY AWARD**

Report of the Chief Operating Officer.

For Decision
(Pages 107 - 140)

17. **ARTCHITECTS FRAMEWORK AWARD - CONTRACT AWARD**

Report of the Chief Operating Officer and the City Surveyor.

For Decision
(Pages 141 - 150)

18. **MINOR WORKS MEASURED TERM CONTRACTS - AWARD REPORT**

Report of the Chief Operating Officer and City Surveyor.

For Decision
(Pages 151 - 166)

19. **BARBICAN RENEWAL - DESIGN DEVELOPMENT**

Report of the Chief Operating Officer and City Surveyor.

For Decision
(Pages 167 - 230)

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

Town Clerk to be heard.

For Information

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

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

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FINANCE COMMITTEE

Tuesday, 16 May 2023

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 16 May 2023 at 12.45 pm

Present

Members:

Deputy Henry Colthurst (Chairman)	Alderman Robert Hughes-Penney
Deputy Randall Anderson (Deputy Chairman)	Gregory Lawrence
Deputy Rehana Ameer	Deputy Andrien Meyers
Shahnan Bakth	Eamonn Mullally
Brendan Barns	Benjamin Murphy
Aaron Anthony Jose Hasan D'Souza	Deputy James Thomson
Steve Goodman OBE	Luis Felipe Tilleria
Deputy Madush Gupta	Mark Wheatley
Michael Hudson	Deputy Philip Woodhouse

Officers:

Ian Thomas	- Town Clerk and Chief Executive
Caroline Al-Beyerty	- Chamberlain
Sonia Virdee	- Director of Financial Services
Michael Cogher	- Comptroller and City Solicitor
Emma Moore	- Chief Operating Officer
Paul Wilkinson	- City Surveyor
Mark Jarvis	- Chamberlain's Department
Julie Mayer	- Town Clerks

It was proposed by Gregory Lawrence, seconded by Catherine McGuinness and agreed that Alderman Robert Hughes-Penney should take the Chair until agenda item 4.

1. APOLOGIES

Apologies for absence were received from Alderman Peter Eslin, Alderman Emma Edhem, Alderman Tim Levene, Elizabeth King, Deputy Brian Mooney, Paul Singh, James Tumbridge, Sir Michael Snyder, Paul Martinelli and Sophie Fernandes.

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

There were no declarations of interest.

The Town Clerk reminded members to ensure their entries on the Members' Register of Interests are up to date.

3. **ORDER OF THE COURT**

The Committee received the Order of the Court of Common Council dated 27th April 2023 which appointed the Committee and approved its Terms of Reference.

RECEIVED.

4. **ELECTION OF CHAIRMAN**

Ahead of the election of the Chairman and Deputy Chairman, the Town Clerk reminded Members of recently approved Standing Orders 29.4 and 30.5, whereby any Member interested in standing for the positions of Chairman or Deputy Chairman is asked to inform the Town Clerk by no later than one full working day ahead of the meeting. The Town Clerk confirmed that the positions of Chairman and Deputy Chairman of the Finance Committee were uncontested.

RESOLVED, that – being the only Member expressing a willingness to serve, Deputy Henry Colthurst be elected as Chairman of the Finance Committee for 2023/24.

The Chair thanked Members for their encouragement and assistance over the past year and set out his objectives in terms of further increasing all elected Members' understanding of the position facing City Fund and City Cash, to enable the City of London Corporation to face the challenges of the future, and address them with a sustainable, long term financial strategy. With this in mind, the Chairman set out the following areas of focus for 2023/24:

1. Facilitate the introduction of third party investors into major capital projects.
2. Establish an appropriate mechanism to support long term maintenance and repairs of operational property assets, in conjunction with an incentive programme to dispose of redundant property assets.
3. Look forensically at discretionary spend, in order to ensure value for money is achieved.
4. Consider further ways to simplify financial reporting and enhance levels of delegated authority, in order to improve both operational efficiency and financial understanding.

The Chair then welcomed new Members; Aaron D'Souza, Luis Tilleria, Ben Murphy, Michael Hudson and Brendan Barns and thanked retiring Members Munsur Ali, Chief Commoner Ann Holmes, Wendy Hyde, Alderwoman Susan Langley and Deputy Nighat Qureishi.

5. **ELECTION OF DEPUTY CHAIRMAN**

RESOLVED, that – being the only Member expressing a willingness to serve, Deputy Randall Anderson be elected as Deputy Chairman of the Finance Committee for 2023/24.

The Deputy Chairman thanked Members for their support and endorsed the Chairman's address, noting how well the Committee has been navigating the current uncertainties.

6. APPOINTMENTS TO SUB COMMITTEES AND REPRESENTATIVES ON OTHER COMMITTEES

The Committee considered a report of the Town Clerk concerning the appointments to the Finance Committee's Sub Committee for 2023/24, approval of their composition and Terms of Reference, and appointing representatives to a number of other City Corporation Committees and Sub Committees. Members noted that the Terms of Reference, composition and appointments to the Efficiency and Performance Working Group would be considered at the June meeting of the Committee.

RESOLVED, that – the following be agreed:

- a) The Composition and Terms of Reference of the Operational Property and Projects Sub Committee (OPPSC) (joint with P&RC), as set out in Appendix A to the report.
- b) The Chairman and Deputy Chairman of the Grand Committee be appointed to the OPPSC.
- c) The Chairman or Deputy Chairman, or their nominee from the Grand Committee be appointed to:
 - i. Communications Sub Committee (Policy and Resources) Committee
 - ii. Resource, Risk & Estates (Police) Committee
 - iii. House Committee of the Guildhall Club
 - iv. Mayoral Visits Advisory Committee (Chairman only)
 - v. Civic Affairs Sub Committee
- d) The appointment of the following 4 Finance Committee Members to the Operational Property and Projects Sub Committee:
 - Madush Gupta
 - Paul Martinelli
 - Luis Tilleria
 - Philip Woodhouse
- e) The appointments of the following representatives to:
 - Corporate Services Committee – Steve Goodman
 - Streets and Walkways Sub (Planning & Transportation) Committee – Paul Martinelli
- f) The appointment of representatives for informal consultation with the Court of Aldermen and the Policy and Resources Committee on

Mayoralty and Shrievalty Allowances (typically including the Chairman and the Deputy Chairman of the Finance Committee).

- g) The Chairman and Deputy Chairman of the Finance Committee's membership of the Fraud and Cyber Crime Reporting and Analysis Service Procurement Committee, Capital Buildings Board (Policy & Resources Committee) and the Resource Allocation Sub (Policy and Resources) Committee.
- h) The Chairman and Deputy Chairman of the Finance Committee's ex-officio Membership of the following Committees:
 - Policy & Resources Committee
 - Audit and Risk Management Committee
 - Digital Services Committee (or their nominee)
 - Investment Committee (or their nominee)
- j) The Committee continues to meet "every fourth week on Tuesdays" with the exception of recess periods.

2. **ENTERPRISE RESOURCE PLANNING (ERP) TERMS OF REFERENCE**

The Committee considered a report of the Chamberlain, in respect of the Governance in procuring an Enterprise Resource Planning (ERP) solution, replacing back-office systems for Finance, HR, Payroll and Procurement.

Members noted that the ERP programme cuts across 6 Committees/Boards. To maintain the speed and momentum of the ERP Programme, and to avoid delays, the report sought to appoint a lead Committee, and to continue with the Member Steering Group. Members noted that any procurement issues above £2m would continue to be presented to the Operational Property and Project Sub and Finance Committees.

RESOLVED, that:

- 1) The Digital Services Committee to be the lead Committee for the Enterprise Resource Planning (ERP) solution.
- 2) The ERP Member Steering Group, comprising of Members from each Committee/Board, to continue to provide strategic oversight of the responsibilities undertaken by the ERP Project Board.
- 3) Members of the Bridge House Estates Board are asked to agree that approvals in respect of the project are delegated to the Managing Director of Bridge House Estates (BHE), in consultation with the Chair and Deputy Chair of that Board, who will take account of the decisions taken by the lead decision-making committee and representations from the Member Steering Group.

8. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that - the public minutes and non-public summary of the meeting held on 18th April 2023 be approved.

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

The Chamberlain presented the Committee's workplan and advised that City's Cash statement of accounts would most likely be presented to the November Committee rather than September. Members noted that a budget timetable would be circulated to Chairmen after the RASC Away Day.

RECEIVED.

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

The Town Clerk advised that the Operational Property and Projects Sub Committee had not met since the last meeting of the Finance Committee.

11. **DONATIONS - INTERNATIONAL DISASTER FUND**

The Committee received a report of the Managing Director of Bridge House Estates and Chief Charity Officer concerning the work of the International Disaster Fund (IDF) when making donations in emergency appeal situations.

RESOLVED, that – the report be noted.

12. **RISK MANAGEMENT UPDATE**

The Committee received a report of the Chamberlain which provided updates in respect of the top risks on the Departmental Risk Register. Members noted that there had been no significant changes since the last update to the Finance Committee, and that staffing pressures would gain some relief from the appointment of a new Assistant Director for Strategic Finance, who would be starting at the end of July. The Chair advised that City's Cash risk rating was likely to remain red until the City Corporation is successful in raising third party investment for some of its major projects.

During the discussion on this item, the following points were noted.

- a) CR 35(F) reflects the Police position more accurately than CR 35 which should be amended to remove the Police Transform programme relating to prior years.
- b) At a recent Community Infrastructure Levy (CIL) presentation, Members noted the relatively low lending rates being charged by the City of London Corporation. The Chamberlain would be reviewing these rates with the Executive Director of Environment, ahead of taking a proposal to the relevant Committees. The Chairman asked if the Finance Committee could receive an update at the next meeting, as to when such a review could be added to the Forward Plan.

- c) The Markets Co-Location Project is currently a sub risk within the overall finance risk and is being monitored under the Projects Review and Corporate Risk (CR 35). Members noted that the outcome of the Projects Review would determine where the risk would eventually be positioned. The Chairman asked if the Committee could have an update in July, after conclusion of the Projects Review. The Town Clerk advised that the Review would also cover officer level governance.
- d) The Financial Services Director advised of a long-term project underway in respect of operational property and lands, which would be completed in stages and also include a review of a sustainable repairs and maintenance plan. Members noted that the Efficiency and Performance Working Group would have oversight, together with the Operational Property and Projects Sub Committee's Chairman and Deputy Chairman. The City Surveyor advised of the 20-year lifecycle plan for each property, which informed a bid to Operational Property and Projects Sub Committee (OPPSC) in terms of the Cyclical Works Programme. Members noted that, once bow wave financing has been resolved, the Operational Property Review will seek to avoid further recurrence of existing historic challenges by introducing a robust maintenance programme, reducing energy costs and meeting the net zero carbon target by 2027.

RESOLVED, that – the report be noted.

13. CENTRAL CONTINGENCIES 2023/24

The Committee considered a report of the Chamberlain which provided Members with an anticipated year-end position for 2022/23 contingencies and an update on the uncommitted balances for 2023/24 contingencies, noting inflationary pressures. Members noted 2 non-public appendices at agenda item 19.

RESOLVED, that – sufficient resources of £817,000 be carried forward to meet existing allocations and £1,164,000 uncommitted balances, to meet inflationary pressures, intended to provide sufficient central contingencies for funding requirements that may arise during 2023/24.

14. DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES

There were no public decisions taken under Delegated Authority or Urgency Procedures since the last meeting.

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

There were no questions.

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

Light Touch Review of Financial Regulations – report to be presented to the next meeting of the Finance Committee

The Chairman advised that he had asked the Chamberlain and City Surveyor to look closely at the levels of delegated authority. Members noted that, whilst a radical review could take several months to complete, where there are already effective controls in place, operational efficiency could be improved in the shorter term. The Financial Services Director advised that the Charities Review was also seeking to provide trustees with more flexibility.

17. **EXCLUSION OF THE PUBLIC**

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

Item No.

Paragraphs in Schedule 12A

19 – 26

3

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

RESOLVED, that – the non-public minutes of the meeting held on 18th April 2023 be approved.

19. **NON-PUBLIC APPENDICES TO CONTINGENCIES REPORT**

Members noted 2 non-public appendices in respect of agenda item 13.

20. **MAJOR PROJECTS – HIGH LEVEL FORECASTS AND CASH FLOW**

The Committee received a report of the Chamberlain.

21. **INTEREST RATES FOR LOAN FACILITIES - REVIEW**

The Committee considered and approved a report of the Chamberlain.

22. **SAVILLS - STRATEGIC REVIEW OF HRA COSTS AND SERVICES**

The Committee considered a report of the Chamberlain and Director of Community and Children's Services.

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

The Committee noted a report of the Town Clerk.

24. **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.

25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

The Committee considered 2 items of urgent business whilst the public were excluded.

26. **MINUTES**

RESOLVED, that:

- a) The non-public minutes of the meeting held on 18th April 2023 be approved
- b) The confidential minutes of the meeting held on 18th April 2023 be approved

The meeting ended 1.50 pm

Chairman

Contact Officer: Julie.Mayer@cityoflondon.gov.uk

FINANCE COMMITTEE – WORK PROGRAMME 2023-24

	May -23	June-23	July-23	Sept-23	Oct-23	Nov-23	Dec-23	Jan -24	Feb-24	Mar-24
Budget Setting Process & Medium-Term Financial Planning			Update on Budget setting approach 23/24 Financial Strategy for Bow-wave of Cyclical Works Capital Funding Update 2022/23				Autumn Budget Finance Committee's Estimate report	2024/25 Annual Capital Bids	City Fund Budget Report and Medium-Term Financial Strategy City Cash Budget report and Medium-Term Financial Strategy	
Page 15 Effective Financial Management Arrangements for The City Corporation	Interest rates for Loan Facilities High-level Major Projects cashflow – update Savills Report/HRA Disaster Recovery/Summary Of Charitable Giving ERP Governance Report	High-level Major Projects cashflow – verbal update as very little change since the last meeting Architectural Services Framework Lots 1,2&4 - Committee Award Report Minor works measured term contracts Update of Finance Regulations -Light Touch Terms of Reference on Efficiency & Performance Working Group Korn Ferry Review	Budget Monitoring Q1 Revenue Outturn report 22/23 Provision for Bad and Doubtful Debts Rental Income and Business Rate update Q1 Joint report - High-level Major Projects cashflow and MPO Dashboard Update on Target Operating Model CIL – Proposed Scope and Timeframe Reviewing the CIL rates is a substantial amount of work, involving a public examination and extensive evidence. On timeframes there are a number of key components: <ul style="list-style-type: none"> • Sequencing with the development of the Local Plan. A new viability study to support the Local Plan, which will provide a picture of any potential 'headroom' to be completed mid-Autumn; public examination is anticipated to be in the Autumn 2024 • Considering the merits of undertaking a CIL review in advance of the new Infrastructure 	High-level Major Projects cashflow - update Draft funding strategy to support Major Projects programmes	High-level Major Projects cashflow – update Capital Projects – Forecasting	Q2 Budget monitoring High-level Major Projects cashflow – update	High-level Major Projects cashflow – update Capital Projects – Forecasting Update on Use of Interims (Consultants) Update of Finance Regulations -Deep Dive	Rental Income and Business Rates Update Finance Committee Estimates report. High-level Major Projects cashflow – update	Q3 Budget monitoring High-level Major Projects cashflow – update Irrecoverable Non-Domestic Rates	High-level Major Projects cashflow – update Getting Best Value from our low value spend - 12 months from April

			Levy – or alternatively seeking to partake in the new Levy pilots <ul style="list-style-type: none"> • Resourcing considerations. 							
Financial Statements				City Fund and Pension Fund statement of accounts		City's cash financial statements City's Cash trust funds and sundry trust funds annual reports and financial statements				
Finance Committee as a Service Committee Page 16	Central Contingencies Risk Management Update Report	Risk Management Update Report	Central Contingencies (moved to quarterly reporting) Risk Management Update Report Chamberlain's Business plan Q report Chamberlains Business plan End of Year update	Risk Management Update Report	Risk Management Update Report Chamberlain's Business plan Q report	Risk Management Update Report	Central Contingencies Risk Management Update Report Draft 2024-25 CHB Business Plan	Risk Management Update Report Chamberlain's Business plan Q report	Risk Management Update Report	Central Contingencies Risk Management Update Report

Agenda Item 6

Committee: Finance Committee	Dated: 6 June 2023
Subject: Efficiency and Performance Working Group - update	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: Sonia Virdee, Financial Services Director	

Summary

At your July 2022 Committee, members agreed a refreshed approach to the work programme of the Efficiency and Performance Working Group. This report provides an update on the proposed work programme for the financial year 2023/24 at member level:

- Provide a steer for the specific Efficiency workstreams and monitoring delivery progress and outcomes.
 - operational property review
 - income generation
 - incentivisation schemes
 - others to include, but not limited to: work on breaking down silos, employer of choice, lean management costs, internal/external customer focus
 - future workstreams to include: performance framework, prioritisation etc.
- For departments at higher risk of not securing sustainable savings already built in, scrutinising proposals supported by officer star chambers led by Financial Services Director.
- Trigger reporting on CR35 medium term finances- financial sustainability at both corporate and departmental level. Are mitigations in 23/24 and 24/25 budget working?

In terms of the approach to the work, it is proposed the working group consists of the Chairman and their Deputies of: Finance Committee and Operational Property and Project Sub Committee plus the Chairman or their nominees of Corporate Services Committee and Digital Services Committee. The frequency of meetings to be held is flexible however to ensure the Efficiency and Performance working group is effective, a minimum of 3 meetings are to be held in any financial year. 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 8.
- The composition of the Efficiency and Performance working party.

Background

1. The Efficiency & Performance Working Group was created in 2022, replacing the Efficiency & Performance Sub Committee, 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 working group assists the Finance Committee to ascertain whether:

- resources are applied to the policies for which those resources were allocated, and that they represent value for money in the achievement of those policies; and
 - monitoring performance against Departmental Business Plans and bringing about improvements in performance.
 - continue in their role in the Joint Resource Allocation Sub Committee and Efficiency & Performance Working Group, with all Committee chairman in the Corporation's budget setting meeting held in January each year.
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.

Current position

4. 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 limited reporting on management information. It will take time to deliver a monitoring framework and compile options for prioritisation so this will be a longer-term agenda piece.
5. 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 savings that have already been built in.

6. 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 reviewing the governance and financial mechanisms providing opportunities to be self-funding.

7. Resources Priorities Refresh focuses on a three-pronged approach:
 - Mitigating pressures in the 2024/25 budget
 - Efficiencies as identified above, plus opportunity for continuous improvement
 - Corporate Planning and resource realignment

Approach

8. The following approach is suggested.

At officer level:

- for higher risk departments and relevant cross-cutting strategic themes; identifying key areas of concern.
- departmental management and section leads within departments are responsible for defining outcomes and setting and reporting on robust performance indicators. This takes place through the business planning process, and the Senior Leadership team will be held accountable for progress. The Corporate Performance team can offer support to individual departments on setting strategic indicators and developing effective data collection and reporting mechanisms to enable monitoring against targets.
- the Financial Services Director will hold Star Chambers on delivery of savings already built in.
- The Senior Leadership Team and or Executive Leadership Board (both Chaired by the Town Clerk) and finance team will work with Departmental management to secure sustainable savings to provide cross-departmental input, support and challenge to mitigate against options being developed in isolation or silos
- develop methodologies and take forward the efficiency workstreams, such as: operational property review; income generation; incentivisation schemes; work on breaking down silos; employer of choice; lean management costs; internal/external customer focus etc.
- Future workstreams to include on strategic performance reporting and prioritisation.

At member level:

- Providing a steer for the Efficiency workstreams and then monitoring delivery progress and outcomes.

- For higher risk departments and relevant cross-cutting strategic themes- securing sustainable flight path savings.
 - 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 (23/24) and 24/25.
9. In terms of the approach and areas of work that need considering, it is proposed that the working group consists of the Chairman and their Deputies of Finance Committee, Operational Property and Projects Sub Committee and two nominees from Finance Committee – supporting cross-committee input. Finance Committee will receive oversight reports and consider any specific issues arising.
10. Longer term considerations will include:
- Specifying VFM outcomes based on new corporate plan priorities
 - Corporate performance framework reporting- services outcome and financial sustainability KPIs-

Conclusion

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

Sonia Virdee
Financial Services Director
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Terms of Reference

The Working Party will be responsible for:-

- Assess whether the resourcing of policies represent value for money in the achievement of those policies and referring any recommendations to the Finance Committee.
- Monitoring performance against Departmental Business Plans and referring matters to the relevant Committee(s) where the Working Party considers improvement in performance is required.
- Providing a steer to the Finance Committee for the Efficiency workstreams and then monitoring delivery progress and outcomes.
- For higher risk departments and relevant cross-cutting strategic themes- securing sustainable savings already built in to the medium-term or 5 five financial plans.
- Advising the Finance Committee on Value For Money outcomes based on new corporate plan priorities.
- Advising the Finance Committee on Corporate performance framework reporting- services outcome and financial sustainability Key Performance Indicators.
- Continue in their role in the Joint Resource Allocation Sub Committee and Efficiency & Performance Working Group, with all Committee chairman in the Corporation's budget setting meeting held in January each year.

Composition:

- Chairman and Deputy Chairman of Finance Committee
- Chairman and Deputy Chairman of the Operational Property and Project Sub Committee
- Chairman or their nominee of Corporate Services Committee
- Chairman or their nominee of Digital Services Committee

Frequency:

The frequency of meetings to be held is flexible however to ensure the Efficiency and Performance working group is effective, a minimum of 3 meetings are to be held in any financial year. Finance Committee will receive oversight reports and consider any specific issues arising.

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Committee: Finance Committee	Dated: 6 th June 2023
Subject: Review of the Financial Regulations	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	9,10
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Decision
Report author: John James, Chamberlain's Department	

PUBLIC

Summary

The City's Financial Regulations set out procedures for officers to follow when managing the City's financial affairs. The regulations are maintained by Finance Committee and were last reviewed in 2021. This report is the subject of a recent review undertaken by the Chamberlain's department, together with staff from other relevant departments, which makes recommendations for a number of changes to update the regulations and deal with gaps and inconsistencies.

In particular changes are proposed to a number of the regulations sections to reflect the new governance around Bridge House Estates charity. In particular the introduction and Section 1 and 2, and Members should examine these carefully.

Members should also note that no adjustments have been made in respect of the changes to project governance. A review is currently being undertaken on the Project Procedure which won't be completed until later in the year. The Chief Operating Officer is also reviewing procurement regulations. A delegation is therefore requested to reflect any changes that may need to be made in these regulations as a result of the changes to the Project Procedure or the Procurement Code

Thresholds for various items before reference to committee have been reviewed and proposed increases have been highlighted. The most significant is the increase of requirement for Members sign-off of advanced payments which has been increased to items over £2m.

The updated draft regulations for consideration are attached at Appendix B together with a matrix, attached at Appendix A, which details the changes made to the existing regulations.

Recommendations

Members are asked to

1. Critically examine and if satisfied agree the revised Financial Regulations set out in Appendix B;
2. Agree a delegation to the Chamberlain to amend the regulations in respect of any changes that may need to be made as a result of the review of Project Procedure and of the Procurement Code; and
3. Note that the next review of the regulations will be undertaken early in 2024, to pick up any further changes required, with the outcome reported to your committee in the Spring of that year

Main Report

Background

1. The City's Financial Regulations are governed by Standing Order 49 of Court of Common Council which states that:
 - i. The Financial Regulations form part of the City's overall system of financial management, accountability and control and shall be complied with by all City of London Corporation staff.
 - ii. The Financial Regulations are maintained by the Finance Committee.
2. These regulations were last reviewed in 2021 and a working party established by the Chamberlain's Department has recently undertaken a review. The working party consisted of Chamberlain's staff, covering a number of financial disciplines together with staff from the City's Commercial Team, Programme Monitoring Office, Bridge House Estates charity and the Corporate Strategy team.
3. Financial regulations lay down the procedures that officers should apply when managing the City's financial affairs. It is therefore, important the Financial regulations are clear and kept up to date.
4. The review had three key aims.
 - a. To identify gaps and inconsistencies in the current regulations, to streamline the regulations where appropriate, and to improve consistency, efficiency and clarity.

- b. To check the interrelationship with City regulations and procedures such as Standing Orders; Procurement Regulations; and the Project Procedures, to ensure there is consistency.
 - c. To reflect the changes required in the regulations as a result in the change in governance for Bridge House Estates
 - d. Review thresholds especially those that determine when Member approval is required
5. In undertaking this work, in addition to the members of the working party, advice was sought from a number of teams including Internal Audit, City Revenues, HR, Payroll, VAT, Accounts Payable, Insurance, and Digital Services. Their comments have been incorporated into the revised regulations

Current Position

6. The draft regulations are set out at Appendix B. Due to the significant number of changes a matrix is attached at Appendix A which provides full details of the changes made.
7. Thresholds has been reviewed and, in many cases, increased, most notably for advanced payments which has increased to £2m before Member agreement required. Others, such as asset disposal have been brought into line with the capital de minimus level. This is being reviewed as part of the governance around projects and the intention is to keep in step with this.
8. Many of the changes are presentational. However, some areas have more significant changes. These include
- *Section 1 Introduction.* Sets out the need to consult Bridge House Estate Board in the future for changes that may impact the charity.
 - *Section 2 Resource Allocation, Revenue Estimates and Capital Budgets.* sets out the framework under which Bridge House Estates will set its budget and the responsibility of the Bridge House Board to set reserves policy, and allocate funds of the charity
 - *Section 3 Accounting.* Reporting of Bridge House Estates financial statements now to go to the Bridge House Estates board rather than Finance Committee
 - *Section 4 Internal Audit.* The paragraph relating to departmental policy for retention of documents has been moved to Section 23 Document Retention. Two paragraphs dealing with Internal Audit show approach and conduct an investigation have been removed as this is more appropriately covered by their own guidelines
 - *Section 5 : Risk Management* This has been reworded to reflect how the City currently conducts risk management.

- *Section 8 Procurement* includes a specific duty for the Chamberlain's insurance team to be consulted where procurement or sale of goods or service or contract terms entered into may materially affect the City's insurance programme prior to agreement.
- *Section 9 Payment of Accounts* includes additional arrangements for agreeing advance payments as well as increasing the levels of officer delegation required to agree such payments to £2m. Paragraph dealing with control of unused cheques removed as we no longer make payment by cheque.
- *Section 10 Imprest Accounts*. Explicit instruction added that staff expenses should now be claimed through City People and not imprest accounts.
- *Section 12 Custody and Security of Assets*. Approval for asset disposal delegation increased to £50,000 to bring in line with capital de minimus limit (which in turn is to be reviewed in the future)
- *Section 13 Insurance*. Some clarification of areas or risk which Chief Officers shall notify the insurance team about.
- *Section 17 Grant*- A tightening of the guidelines concerning obligations of those receiving a grant.
- *Section 19 Inventories*. Individual item limits increase to £5,000.
- *Section 20 Stocks & Stores Value* held before a stock take is required increased to £20,000
- *Section 18 Salaries, Wages and Pensions*. Change to allow Payroll to accept emails from Human Resources authorising pay amendments.
- *Section 23 Document Retention*. Minimum periods of retention added to a number of items.

Delegation for Further Changes

9. At the time of preparation of this report, a review of project governance was being undertaken, but this is yet to be completed. It is requested that the Chamberlain is given delegated authority, once this review is finalised, to reflect any consequent required changes in the updated regulations.

Annual Review

10. Although the regulations were only reviewed two years ago, this report details a considerable number of proposed changes. It is therefore intended that the regulations will be reviewed again in 2024 with any proposed changes brought to your committee in the Spring of that year.

Appendices

- Appendix A – Matrix of Amendments made to the existing regulations
- Appendix B – Draft Financial Regulations

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Appendix A – Matrix of Amendments to the City of London Financial Regulations 2021

A summary table of the changes to the relevant rules contained in the City of London Corporation Financial Regulations as approved by the Finance Committee on 13th April 2021 is provided below.

Section	Title of Section	Change
General	Terminology	<p>Terminology updated as follows:</p> <ul style="list-style-type: none"> • Replaced 'Deputy Chamberlain' with 'Financial Services Director'. • Replaced 'Chamberlain's IT Division' with 'Digital Information and Technology Services'. • Replaced 'City Procurement' with 'Commercial Services'. • Replaced 'Chamberlain's Head of Revenues' with 'Assistant Director Financial Shared Services'. • Replaced 'Head of Internal Audit & Risk Management' with 'Head of Internal Audit'. • Replaced 'IT Director' with 'Director of Digital Information and Technology'. • Replaced 'Cultural Hub Director' with 'Cultural and Visitor Development Director'.
I	Introduction	<ul style="list-style-type: none"> • The date in which this version of the Financial Regulations was approved by Finance Committee has changed from 13th April 2021 to 6th June 2023. • New paragraph included to reflect the establishment of the Bridge House Estates Board.
II	Recent Version History	<ul style="list-style-type: none"> • The wording in the first paragraph has been slightly altered to reflect this version of the Financial Regulations which now replaces the April 2021 version. • Table updated to include the recent updates/changes made to the Financial Regulations which will be subject to Finance Committee approval in June 2023.
1	General	<ul style="list-style-type: none"> • Paras 1.2 - 1.3 – Alteration to the wording on charities complying with the guidance issued by the Charity Commission. • Para 1.5 – Wording update from 'The Scheme of Delegation' to 'The Officer Scheme of Delegation'. • Para 1.10 – Wording update from 'IT Strategy' to 'Digital and IT Strategy'. • Para 1.11 – Additional wording regarding IT resourcing of Bridge House Estates and for these decisions to be taken in the best interests of the charity.

2	Resource Allocation, Revenue Estimates and Capital Budgets	<p>This section has been updated to include references to Bridge House Estates where relevant following the establishment of the Bridge House Estates Board. Other amendments are as follows:</p> <ul style="list-style-type: none"> • Para 2.1 - 2.2 – Additional text included on the budget setting process and submission of estimates for decision to the relevant Service Committee for City Fund and City’s Cash and to the Bridge House Estates Board for Bridge House Estates. Overall budgets for City Fund and City’s Cash are set by the Court of Common Council upon the recommendation of the Policy & Resources and Finance Committees in March for the successive financial year. • Para 2.3 – New paragraph inserted on the budget setting process for Bridge House Estates following the establishment of the Bridge House Estates Board. • Para 2.5 – Additional wording regarding recharges to only reflect the costs and expenses incurred by the City as Trustee in administering the charity in accordance with charity accounting rules. • Para 2.15 (iv) – Additional wording on carry-forward of reserves where a charity is in deficit. • para 2.15 (vi) – Additional wording providing clarification on carry-forward rules • Para 2.15 (i) – Amendment of Chief Officer from the Chamberlain to the Chief Operating Officer for Local risk budget carry forwards excluding budgets brought forward from the previous year of £500k maximum. • Para 2.16 – Excluding Bridge House Estates, any Central risk budget carry forward requests if approved by the Chamberlain should be provided to the Town Clerk in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub (Policy and Resources) Committee (RASC) for consideration and potential approval. • para 2.21 Wording to clarify cross cutting projects that are funded by BHE • para 2.23 additional requirement to record project expenditure in a timely manner and in accordance with forecasting timetable
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		<ul style="list-style-type: none"> • Para 2.26 Virement between project budget prohibited unless agreed by committee
3	Accounting	<ul style="list-style-type: none"> • Para 3.2 (c) – New paragraph regarding a separate balance sheet for each fund and accounting for all charitable funds separately to demonstrate the charity’s funds are being administered correctly. • Para 3.5 (d)-(e) – Wording update for the submission of the Financial Statements for Bridge House Estates to the Bridge House Estates Board.
4	Internal Audit	<ul style="list-style-type: none"> • Para 4.2 – The Audit and Risk Management Committee shall receive regular reports on completed work of Internal Audit and will not be required to approve the annual audit plans. • Para 4.4 – Additional wording to clarify that the remit of Internal Audit extends to all operations of the City of London Corporation. • Para 4.10 – Whistleblowing policy wording updated to state that concerns can be reported either directly or via the anonymous channel.
5	Risk Management	<ul style="list-style-type: none"> • Para 5.6 – Wording added to reflect the City’s Risk Management Strategy has been adopted for Bridge House Estates by the Bridge House Estates Board. • Para 5.7 – Updated to amend the lead Chief Office for Risk Management from the Chamberlain to the Chief Strategy Officer and additional wording added on the role of the Chief Strategy officer. • Para 5.8 – Amendment to wording on Chief Officers responsibility towards the City Corporation’s risk management policy and strategy. New paragraph includes identifying and flagging cross-cutting and/or thematic risks impacting the City of London Corporation more widely.
6	Treasury Management	<ul style="list-style-type: none"> • Para 6.1 – New sentence added regarding Bridge House Estates Board adopting treasury management standards. • Para 6.2 – Added ‘(relating to Treasury Management)’ with regards to the Annual Investment Strategy.

		<ul style="list-style-type: none"> • Para 6.2 (The Court of Common Council) – Update their responsibility to include approval of the Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management). • Para 6.2 (The Investment Committee and Finance Committee) – Heading updated from ‘The Financial Investment Board and Finance Committee’. • Para 6.5 – Update on reporting committee from the Financial Investment Board to the Investment Committee.
7	Investments, Borrowing and Trust Funds	<ul style="list-style-type: none"> • Para 7.1 – Inclusion of Bridge House Estates Board. • Para 7.3 – Additional requirement for Chamberlain to make provision for repayment where appropriate • Para 7.4 – inclusion of ‘(or other legal governing document)’.
8	Procurement	<ul style="list-style-type: none"> • Para 8.6 – Update City Procurement with the Transactional Finance Data Team. • Para 8.6 – Amendment to text regarding notification being given to the Chamberlain’s Insurance and Risk Management Team. • Paras 8.8 - 8.9 – Wording update to include reference to Bridge House Estates and the Bridge House Estates Board.
9	Payments of Accounts	<ul style="list-style-type: none"> • Para 9.2 – Amendment of CHAPS and Faster Payments made from the Chamberlain’s Financial Services Division to the Chamberlain’s Corporate Treasury Team. • Para 9.4 – Amendment where payment requests to a non-UK bank account must be approved by an appropriate authorised signatory and submitted to the Chamberlain’s Corporate Treasury Team.

		<ul style="list-style-type: none"> • Para 9.6 – Update the City Procurement Data Team with the Transactional Finance Data Team. • Paras 9.8 - 9.9 – Additional wording and increase in the authorisation levels of payments made in advance for goods, services, or works. • Para 9.11 wording added to support removal of P card access if policies of use not complied with. • Paras 9.15 - 9.16 – Slight updates to wording. Departments who don't maintain POs or GRNs properly may be charged if the Chamberlain has to incur additional cost to rectify. • Para 9.17 – Paragraph regarding unused cheques deleted as this service is now outsourced.
10	Imprest Accounts (Petty Cash)	<ul style="list-style-type: none"> • Para 10.1 – Approval update on the arrangement of imprest and bank accounts from the Deputy Chamberlain to the Corporate Treasurer. • Para 10.3 – Amendment to approval of larger figures from imprest accounts from the Chamberlain's Internal Audit section to the relevant Chamberlain's Head of Finance. • Para 10.4 – Amendment to the process for expense claims. Claims should be made through City People and petty cash claim forms used only if staff do not have access to City People. • Paras 10.7 - 10.9 – Amendment to wording on the procedure for reimbursements and the monthly and end of year reconciliation of the imprest account by the imprest holder and Head of Finance. In addition, in the event an imprest holder leaves the City's Service, he or she shall now inform the Corporate Treasurer. • Para 10.13 – Amendment to include the Corporate Treasurer in any matters relating to irregularities with the petty cash account.
11	Travelling and Subsistence Claims	No amendments.
12	Custody and Security of Assets	<ul style="list-style-type: none"> • Para 12.1 – Replaced reference to 'Standing Order 55' with 'Standing Orders'.

		<ul style="list-style-type: none"> • Para 12.9 - Increase asset value disposal limit to £50k before reported to committee • Para 12.10 – New wording to state that consultation must be sought with the Managing Director of Bridge House Estates for assets under the control of Bridge House Estates.
13	Insurance	<ul style="list-style-type: none"> • Para 13.1 – Amendment to wording on the purpose of the City’s insurance cover. • Para 13.3 – Expansion of description for new risks, assets and material changes. • Para 13.6 – Additional wording for Bridge House Estates to include approval by the Financial Director of Bridge House Estates.
14	Security and Data Protection	Amendments to terminology.
15	Income & Banking Arrangements	<ul style="list-style-type: none"> • Paras 15.4, 15.7, 15.10 - 15.11 & 15.15 – Updated reference to income and banking arrangement approvals from the Deputy Chamberlain to the Chamberlain.
16	Partnerships	<ul style="list-style-type: none"> • Para 16.1 – Deleted wording on Chief Officers ensuring that staff are aware of the Audit Guidelines on partnering and adhere to these where it is possible to do so. • Para 16.3 – Replaced ‘Rule 18 of the Procurement Code’ with the ‘Procurement Code’ regarding Concession Contracts.
17	Grant-making	<ul style="list-style-type: none"> • Para 17.2 – New sentence added stating that ‘A grant may be made subject to binding terms and conditions under an agreement’. • Para 17.3 – Minor wording updates for clarity at sections (b), (c) and (d).
18	Salaries, Wages and Pensions	<ul style="list-style-type: none"> • Para 18.2 (b) – Additional wording on managers entering sickness absence directly onto Trent. • Para 18.4 – Update to wording on informing the Chamberlain’s Payroll Manager of amendments to pay and time records.

19	Inventories	<ul style="list-style-type: none"> • Para 19.5; 19.6 asset write-off and disposal values increased to £50,000 before Member approval
20	Stocks and Stores	<ul style="list-style-type: none"> • Para 20.2 – Requirement for stock takes increased to stores over £20k in value
21	Motor Vehicles	Amendments to terminology.
22	Entertainment & Hospitality	No amendments.
23	Document Retention	<ul style="list-style-type: none"> • Paras 23.1 & 23.2 – Removed reference to guidance issued by the Audit Commission. • Para 23.4 – New para on approvals for departmental policy for the retention/destruction of financial records. • ‘General Income’ – Added the minimum period of retention as follows: <ul style="list-style-type: none"> ○ Domestic Help Timesheet – 2 years after completion of external audit. ○ Income Returns from Departments – 1 year after completion of external audit. • ‘Payrolls’ – Added relevant statute and minimum period of retention as follows: <ul style="list-style-type: none"> ○ Register of Contributors and Contributions – Local Government Superannuation Act and retained indefinitely. ○ Register of Pensioners – retained indefinitely. ○ Quinquennial Valuations -all papers and records – retained indefinitely. • ‘Other Accounting Records’ – Added the minimum period of retention of <u>7 years</u> for: <ul style="list-style-type: none"> ○ Bank Pass-Book sheets, Receivership Records, Cashier's Collection & Deposit Book, Cashier's Petty Cash, Imprest Account, Post-dated cheques register, RD Cheques register, Cheques (blank) register, Unpaid wages book. • ‘VAT Records’ – New wording added under detail for the retention of VAT record documents to be retained either on paper, computer, or other media and should be readily available for inspection.

24	Verification of Contractors and Consultants Final Accounts	<ul style="list-style-type: none">• Paras 24.1 & 24.3 – Removed para reference to the risk matrix set out in the Project Procedure.
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City of London Corporation

FINANCIAL REGULATIONS

Approved by the
Finance Committee
June 2023



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SECTION I. INTRODUCTION

Standing Order 49 of Court of Common Council of the City of London Corporation (the City) states that:

1. The Financial Regulations form part of the City’s overall system of financial management, accountability and control and shall be complied with by all City of London Corporation staff.
2. The Financial Regulations are maintained by the Finance Committee.

This version of the Financial Regulations was approved by the Finance Committee on 6th June 2023

These Financial Regulations have been adopted for the City in the discharge of all of its functions and Funds¹, including as Trustee of Bridge House Estates. Where appropriate the Bridge House Estates Board may be consulted on any future changes.

All staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the management and use of these resources is legal, is properly authorised, provides value for money and achieves best value. Failure to follow Financial Regulations may result in action under disciplinary procedures.

SECTION II. RECENT VERSION HISTORY

These Regulations builds on and replaces the January 2018 version of the Financial Regulations Part 1 & Part 2 and this corporate governance document is intended to be a high-level document that provides a framework to support the City’s statutory and other legal responsibilities for managing its finances, encompassing all Funds for which it is responsible.

It also allows the City to further strengthen and improve its approach to finance management enhancing its ability to deliver its corporate aims and objectives successfully.

These regulations should be regularly updated to reflect changes within other policy areas and reference to these Financial Regulations should be made when replacing or updating other policy covered by these regulations.

¹ Unless the context provides otherwise, “Funds” in these Regulations refers collectively to City Fund (including the Police Fund, the Housing Revenue Fund, Pension Fund), City’s Cash, Bridge Houses Estates, any other charitable trusts for which the City is charity Trustee and is required to account for separately, or otherwise any charitable trust or legal entity where the City has been given authority to manage that entity’s funds within the City’s financial systems and management controls to the extent that authority provides; and “Fund” shall refer to any one of those Funds.

Date	Comments
October 2005	Updated Financial Regulations
September 2009	Updated Financial Regulations and split Regulations into Part 1 & Part 2
January 2018	Updated Financial Regulations and Financial Regulations Part 2 developed into the Finance Manual.
April 2021	Updated Financial Regulations with Part 1 and part 2 Regulations consolidated into one document.
June 2023	Updated Financial Regulations to incorporate amendments to reflect the establishment of the Bridge House Estates Board, and otherwise for the good administration of charitable funds.

SECTION 1. GENERAL

- 1.1 Any report to the Court of Common Council, its committees or its partners which has financial implications should be prepared in consultation with the Chamberlain who shall incorporate in the report such comments as considered necessary. Reports relating to financial matters shall be provided to the Chamberlain in sufficient time for consultation no less than 28 days before the date of the first meeting due to consider the report. The Chamberlain reserves the right to delay the submission of any report with Financial Implications which has not been submitted in time for adequate consideration.
- 1.2 These Financial Regulations use Local Authority compliance as the benchmark for all funds under the City's control, except where otherwise expressly provided for in these Regulations and always subject to specific regulatory requirements relating to charitable Funds
- 1.3 For all charities for which the City is Trustee, including as charity Trustee of Bridge House Estates (Reg. Charity No. 1035628), regard must be had to each charity's governing document and relevant guidance issued by the Charity Commission, in complying with reporting and regulatory requirements and in the financial management of each charity.
- 1.5 These Financial Regulations should be read in conjunction with any other instructions relating to financial management, accountability and control, particularly:
- Standing Orders of the Court of Common Council
 - The Officer Scheme of Delegation
 - Corporate Project Procedures
 - Procurement Code and Rules
 - Employee Handbook
 - Data Protection Policies and Procedures

- 1.6 The Financial Services Director as Head of Profession for Finance in the City shall ensure these Regulations are kept up to date, and report to the Finance Committee recommending any changes considered necessary. The Finance Director for BHE and charities will recommend any changes needed under the charities framework.
- 1.7 The Financial Services Director shall be consulted in any cases involving the interpretation of the Financial Regulations and their decision, as to their meaning and application shall be final, providing such decision does not have the effect of altering the meaning of a Standing Order or other regulation or contract approved by a Committee or the Court of Common Council.
- 1.8 Notwithstanding the relaxation of certain Financial Regulations relating to the Barbican Centre Managing Director's local risk budget and the execution of the Police Authority's Policing Plan, the Chamberlain reserves the right to demand from the Managing Director and the Commissioner of Police such additional information as is required to fulfil their statutory obligations and their overall financial monitoring responsibilities.
- 1.9 All sums referred to in these Regulations are exclusive of Value Added Tax (VAT) unless specifically stated
- 1.10 All Information Technology (IT) expenditure and development work must conform to the Digital and IT Strategy and to standards and other guidance issued by the City's Director of Digital Information and Technology as Head of Profession for IT in the City Corporation.
- 1.11 The City's Director of Digital Information and Technology as Head of Profession for IT shall define the corporate IT standards to be followed by Chief Officers and is to be consulted on related matters such as IT staffing and their remuneration. The corporate IT strategy is to encompass these standards and any other E-business or E-government strategy agreed by the City's Director of Digital Information and Technology. Each Chief Officer shall ensure that a written departmental IT strategy is produced which conforms to the corporate IT strategy, (and to the corporate E-business and E-government strategies) and that this is submitted annually for the approval of the City's Director of Digital Information and Technology in the form requested. Expenditure on IT equipment, software and services which does not conform to the approved departmental strategy shall be the subject of a prior written proposal for the approval of the City's Director of Digital Information and Technology. For the avoidance of doubt, decisions which affect IT resourcing of Bridge House Estates, shall be required to be taken in the best interests of the charity, including to consider the benefits to the charity of using the City's IT systems and resources, and operating within its overarching IT strategies and policies.
- 1.12 Chief Officers are responsible for ensuring that all staff in their departments are aware of the existence and content of the Financial Regulations and that they comply with them.
- 1.13 All City staff have a responsibility to maintain the integrity and security of information which is under their control by virtue of their employment (including confidential and personal information, held in any format). All staff shall comply with the requirements of the Data Protection Act, UK GDPR and the City's policies and procedures in relation to data protection which can be found on the Information Management Strategy.

SECTION 2. RESOURCE ALLOCATION, REVENUE ESTIMATES AND CAPITAL BUDGETS

- 2.1 Standing Order 48 sets out the City's corporate governance arrangements for budget setting including resource allocation, revenue estimates and capital budgets. The Chamberlain is responsible for notifying Chief Officers on the timetable and processes for the preparation of the forthcoming year's resource allocation, revenue estimates, and capital budgets. Chief Officers shall supply such information to the Chamberlain as may be required so as to comply with the timetable and processes stipulated and prepare detailed revenue estimates of income and expenditure in accordance with the budget policy authorised under Standing Order 48 and in consultation with the Chamberlain who shall critically scrutinise the estimates before submission, for City Fund and City's Cash to the relevant Service Committees, and for Bridge House Estates to the Bridge House Estates Board, for decision
- 2.2 For City Fund and City's Cash, overall budgets are set by the Court of Common Council upon the recommendation of the Policy & Resources and Finance Committees in March for the successive financial year. City Fund and City's Cash Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources and Finance Committee, such budgets do not include any contingencies. However the budgets directly overseen by the Finance Committee also include central contingencies, with delegations to the Chamberlain, 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. For central contingencies, approval is required by the Financial Services Director in consultation with the Chamberlain and Town Clerk/Chief Executive.
- 2.3 For Bridge House Estates, the charity's overall annual budget is set annually by the Court of Common Council for the City as charity Trustee, upon the recommendation of the Bridge House Estates Board. As noted at Regulation 2.1 above, detailed revenue budgets and capital budgets for the charity are in accordance with Standing Order 48 set by the Bridge House Estates Board, led by the Managing Director of Bridge House Estates in consultation with Chief Officers whose departmental resources are made available to the charity, with those costs and expenses of the Trustee being re-charged to the charity. Within the budget set by the Court, the Bridge House Estates Board is responsible for allocating resources as required in the charity's best interests (including contingencies), and monitoring income and expenditure (both revenue and capital) against the charity's budget and reserves policy (also set by the Court). As with City Fund and City's Cash, request for allocations from the Bridge House Estates central contingency allocation should demonstrate to that Board why the costs cannot, or should not, be met from existing provisions.

Revenue Budget Management – Objectives

- 2.4 Budget management ensures that resources allocated by members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continuous process enabling the City Corporation to review and adjust its budget targets throughout the financial year.

2.5 Committee budgets are set for both local and central risk within the City Corporations overall budget. Local risk expenditure and income is deemed to be directly controllable by Chief Officers. Examples of local risk items includes most employee costs, regularly scheduled maintenance checks, utility costs, cleaning and stationery. Central risk are items of spend or income that can be affected by external factors such that Chief Officers are not held directly accountable for budgetary performance. Recharge risk budgets relate in the main to support services and functions that are recharged on an appropriate apportionment basis to front line services to enable the total cost of service to be calculated. Central and recharge risk items include levies and precepts, investment income (including property), capital charges, central support costs, insurance, rating revaluation changes, grants/support earmarked for specific organisations/themes and centrally controlled and recharged IT expenditure. Recharges to charities and other ring fenced funds may only reflect the costs and expenses incurred by the City in administering that function in accordance with relevant applicable accounting framework..

2.6 By identifying and explaining variances against budgetary targets, the City Corporation can identify changes in trends and resource requirements at the earliest opportunity. To ensure that the City Corporation does not overspend, each Chief Officer is held responsible for and the Committee is required to manage its own local risk income and expenditure within its resource envelope.

Revenue Budget Management – Key Controls

2.7 Budget holders will be responsible for income and expenditure on cost centre budgets for which they have been assigned responsibility on Oracle and that this responsibility should be aligned as closely as possible to the decision making that commits the expenditure.

2.8 Budget holders follow the approved commitment accounting workflow for all expenditure.

2.9 Income and expenditure are properly recorded and accounted for.

2.10 Business Plan key performance indicators are monitored in conjunction with the budget and necessary action taken to align service outputs with the budget.

Revenue Budget Management

2.11 The Chamberlain is responsible for establishing an appropriate framework of budgetary management and control through business partnering that enables the following:

- a. Budget management by Committee being exercised within the annual resource envelopes allocated to it unless the Court determines otherwise. For Bridge House Estates, the Bridge House Estates Board has the freedom to operate in accordance with the overall budget and policy framework for the charity set by the Court, including any reserves policy or allocation of funds for application against the charity's ancillary object.

- b. Each Chief Officer having available timely and accurate information on income and expenditure for each cost centre to enable managers to fulfil their responsibilities.
- c. All officers responsible for committing expenditure and generating income complying with corporate financial guidance.
- d. Significant variances from approved budgets being reviewed promptly by Chief Officers.
- e. . Regular forecasts on income and expenditure compared to the approved budget for City Fund and City's Cash being prepared and reported to Finance Committee, for Bridge House Estates to the Bridge House Estates Board, and for any charitable Fund to the Committee having delegated responsibility for that charity's administration and management.

2.12 The Chief Officers for services are responsible for:

- a. Ensuring spending remains within agreed resource envelopes by regular monitoring of the budget.
- b. To ensure that the business plan is regularly monitored in conjunction with the budget to ensure the delivery of service objectives and any corrective action taken.
- c. To work alongside the Chamberlains business partners to provide regular monitoring information to committee with appropriate explanations and corrective actions required as necessary.
- d. To ensure prior approval of any new initiative not included in the business plan or budget that could have one off or ongoing financial consequences.
- e. To ensure compliance with the scheme of virement (see Paragraph 2.17).
- f. To consult with relevant Director or Chief Officer where it appears a budget proposal will impact on another Directors / Chief Officers service or level of activity.

2.13 Where a Chief Officer is unable to contain expenditure within their existing local risk resources due to essential growth (for example to meet a new legislative requirement) or a one off additional cost, a business case for a budget increase should initially be discussed with the Chamberlain to agree the potential funding strategy. A report will then be submitted for Bridge House Estates to the Bridge House Estates Board and for all other Funds to the relevant spending committee and Resource Allocation Sub Committee for approval.

2.14 No officer should commit the Corporation to expenditure more than any approved estimate without either first seeking the appropriate approval or making an appropriate virement as described in paragraph 2.17 below, in accordance with SO 48(9).

Treatment of Year End Balances

2.15 Any deficit on the total of a Chief Officers local risk budgets is required to be carried forward and recovered from within the department's budget allocation for the following year unless specifically waived by the Finance Committee, other than matters relating to Bridge House Estates which will be determined by the Bridge House Estates Board in accordance with any overall budget set by the Court in each year. Subject to the prior approval of the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub (Policy and Resources) Committee (RASC) or the Bridge House Estates Board for Bridge House Estates surpluses on a department's local risk budgets may also be carried forward provided that these do not include any fortuitous savings outside the control of the Chief Officer, and, any cumulative underspending which is to be carried forward is limited to 10% of the Chief Officer's local risk budget, up to a general maximum of £500,000 or £1,000,000 in the case of the City Surveyor. Applications for carry- forwards will be assessed by the following criteria:

- i. Carry forward requests can be up to 10% or £500k (whichever is the lesser) of the final agreed local risk budget excluding budgets brought forward from the previous year. However, the City Surveyor may carry forward up to £1m and the Chief Operating Officer and Director of Digital Information and Technology may each carry forward a maximum of £500k.
- ii. In respect of the above the City Schools, Police, the Barbican Centre (local risk budget), Open Spaces Charities (fundraising budgets), Bridge House Estates (charitable funding commitments), the Cemetery, and the Housing Revenue Account, are excluded as separate carry forward arrangements apply. In the case of the Barbican Centre Managing Director's financial target, surpluses of up to 15% of the local risk budget may be carried forward and the Managing Director of the Barbican Centre may incur a deficit of up to £500,000 at any one time, to be repayable in the following financial year. This deficit should be by exception and should not be on a continual basis from one financial year to the next. The reasonableness of this arrangement will be reviewed annually.
- iii. In respect of the Police Authority's Policing Plan budget, unspent balances, excluding variations in capital financing costs, shall be carried forward, subject to periodic review as to the level of balances.
- iv. In respect of Open Spaces, fundraising income relating to donations and legacies to the Charities shall be ring-fenced and where necessary, carried forward in the relevant ring-fenced Charitable reserve for each Charity. However, where the charity is in deficit at the end of the financial year, any additional income would need to offset the deficit first and foremost, after which point the remaining surplus from the income received can be applied in respect to carrying forward in the relevant ring-fenced Charitable reserve.

- v. Fortuitous savings clearly outside the control of Chief Officers should not be eligible for carry forward; instead it should be demonstrated that underspends are the result of planned/managed strategies.
- vi. Carry forward requests should be approved to fund a specific purpose and must comply with the carry forward rules, i.e. relating to planned spend during the financial year the carry forward is being requested from, however delayed due to unforeseen circumstances not within the control of the department
- vii. Each individual agreed carry forward is ring-fenced to the purpose specified.
- viii. Unspent balances should generally only be carried forward and applied in the Fund in which they were generated.

2.16 Other than for Bridge House Estates any requests for carry-forward from Central Risk budgets are required to be requested at first point from the Financial Services Director. If approved, all such requests would then be provided to the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub (Policy and Resources) Committee (RASC) for their consideration and potential approval. For Bridge House Estates approval of carry-forward requests from departmental central risk budgets funded from Bridge House Estates shall be sought from the Bridge House Estates Board following consultation with the Chamberlain or his/her authorised delegate.

Reserves

2.17 No earmarked reserve, designated fund or other balance sheet provision shall be created without first consulting with the Assistant Director of Strategic Finance who will advise on whether the proposal can be supported and the further approvals that are required.

Scheme of Virement

2.18 The scheme of virement is as follows:

- a) Virement is the transfer of budget from one budget line, as a result of savings or additional income, to another budget line to facilitate spending on that budget line. No Virement will be permitted between funds in the year, nor is virement normally allowed in respect of Central Risk budget lines.
- b) Chief Officers, or nominated Officers previously notified to the Chamberlain, are authorised to approve virements within funds for Local Risk budget estimates. These virements are generally only allowed up to a total of £500,000 in one financial year, but in the case of the City Surveyor this financial limit is £1,000,000 in one financial year. This being subject to the savings utilised not arising from any specific amount approved from the Finance Committee contingencies, or any sums specifically approved by the Policy and Resources Committee for Policy Initiatives. Chief Officers

shall advise the appropriate Committee and Finance Committee of any significant virements and gain prior approval if they raise significant policy issues or will result in total virements of any Chief Officer exceeding £500,000 (or £1,000,000 in the case of the City Surveyor).

- c) The Barbican Centre and Bridge House Estates Managing Directors may, as relevant to the budgets for which they are responsible, authorise all virements between those costs and incomes which comprise the annual local risk budget, and the Commissioner of Police may authorise virements between all heads within the Policing Plan Budget, with the exception of financing and support costs, and subject to prior consultation with the Financial Services Director or the Finance Director BHE where a virement is proposed from a non-staffing to a staffing budget.

Managing Capital and Supplementary Revenue Project Budgets

- 2.19 Capital and Supplementary Revenue Project budgets (“project budgets”) are generally approved and managed in accordance with the Corporate Project Procedure via the gateway process and associated guidance. Bridge House Estates projects are managed in accordance with the Corporate Project Procedure subject to the Bridge House Estates Board being the responsible Committee for all decisions except where reserved to the Court of Common Council. Further, the City’s Major Projects (under City Fund and City’s Cash) are not required to follow the gateways and are under the direct control and management of the Capital Buildings or Policy and Resources Committees.
- 2.20 Capital projects are major one – off expenditures (>£50k) relating to the acquisition, creation or enhancement of an asset that yields benefits to the authority and the service it provides for a period of more than one year. For example, cyclical replacements of major components (e.g. windows, roofs, M&E infrastructure) are capital but cyclical repairs are not. The “Supplementary Revenue Projects” (SRP) classification was created to cover project expenditure controlled in the same way as capital projects that does not meet the accounting definition of capital expenditure, e.g. preliminary project costs at feasibility and option appraisal stages and one-off major repairs (>£50k). Classification of expenditures between capital and SRP is an accounting decision which lies with the Chamberlain.
- 2.21 Project budgets approved via the gateways must be supported by a confirmed source of funding before they can progress. For City Fund and City’s Cash central funding of projects is allocated via the annual capital bid process, with the approval sought from the Resource Allocation Sub and Policy and Resources Committees and subject to any reservations of the Court. For Bridge House Estates, all approvals shall be sought from the Bridge House Estates Board including approval for capital projects which are cross cutting across all three funds (City Fund, City’s Cash, Bridge House) within the framework set by, and subject to any reservations to, the Court.
- 2.22 Project budgets are not generally specific to a financial year unless the source of funding is restricted by time (e.g. external grant funding).

- 2.23 Project expenditure is recorded within the City's Project Accounting module in a timely manner (as a minimum on a quarterly basis or in line with the Chamberlain's forecast timetable) and must not be charged to local or central risk codes, with the exception of staff time which is recharged from revenue to project budgets on a regular basis as above.
- 2.24 Capital expenditure and capital income is subject to approval in accordance with the Corporate Project Procedure and must be accounted separately. Particular legal and accounting rules may apply to charitable funds.. Expenditure in excess of £50k which meets the definition of Capital/ Supplementary Revenue projects as set out in the Corporate Project Procedure must be accounted separately from local or central risk revenue expenditure.

Virement of Capital and Supplementary Revenue Project Budgets

- 2.25 Virements within approved project budgets are permitted, provided the overall approved project sum is not exceeded and the scope remains unaffected. Movement between budget heads (e.g. from fees to works) requires approval of Chief Officer and Head of Finance other than for Bridge House Estates. For Bridge House Estates the approval shall be sought from the Finance Director of Bridge House Estates and the Managing Director of BHE.
- 2.26 Increases to an approved project sum must be agreed in accordance with the Project Procedure. Project Budgets cannot be vired between projects. unless approval is sought from Resource Allocation Sub and Policy and Resources Committees.

SECTION 3. ACCOUNTING

3.1 All accounting procedures and financial records shall be determined by the Chamberlain, and any changes require the prior approval of the Chamberlain.

Separation of Duties

3.2 So far as possible, in the allocation of accounting duties, the following principles shall be observed: -

- (a) The duties of providing information regarding sums due to or from the City and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
- (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- (c) Each of the Funds shall have a separate balance sheet, and all charitable funds shall be accounted for separately and processes followed which demonstrate that the charity's funds are being administered correctly and, in that charity's best interests.

Assets:

3.3 The City owns and is otherwise responsible (whether or not as charity trustee) for a wide range of assets. For assets to appear on the balance sheet as qualifying items (or groups of items such as Cars) must be valued at £50,000 or more. Low monetary value assets may hold other important value and security must also be ensured on these items such as laptops and mobile phones.

Financial Statements:

3.4 Each Chief Officer shall make returns of outstanding expenditure and income in the form and by the date specified by the Chamberlain in the programme for the closure of the annual accounts as are referred to in 3.5.

3.5 Procedures for the audit and publication of Financial Statements to the Court shall be as follows:

- (a) The financial year shall run from 1st April to 31st March.
- (b) (i) The Auditors of the City's Cash, Bridge House Estates and Sundry Trust (charitable) Funds Financial Statements are elected by Common Hall on Midsummer Day.
(ii) The Auditors of City Fund and Pension Fund Financial Statements shall be appointed by the Court of Common Council.
- (c) The Auditors shall report to the Court of Common Council or Common Hall as appropriate, in writing upon completion of their audits.
- (d) The Chamberlain shall submit the Financial Statements, duly certified, for Bridge House Estates to the Bridge House Estates Board and for all other Funds to the Finance Committee in accordance with statutory requirements, but within reasonable timescales as soon as business permits.

- (e) The audited and published City Fund and Pension Fund Financial Statements should be presented to the Court of Common Council in accordance with the statutory deadline.

All other Charitable Trusts of which the City is Trustee should present their Financial Statements to the Court of Common Council when available, where the Charity Commission requires these to be produced. Bridge House Estates and City's Cash present their Financial Statements to the Court of Common Council in accordance with the deadlines set by Bridge House Estates Board for Bridge House Estates and by Audit and Risk

Management Committee for City's Cash or subject always to statutory and other requirements which may apply. All three Financial Statements are published on the website as well as the Sundry Trusts.

I.T. Systems

3.6 The Chief Officer concerned shall ensure that all financial information held on IT systems is properly maintained and capable of easy reconciliation to the central financial accounting system. IT systems should be brought together into combined systems where possible in accordance with the common systems principles outlined in the Information Management Strategy.

3.7 Any IT system that is used to hold and/or organise personal data must be notified to the City's Director of Digital Information Technology and the Information Compliance Team.

3.8 Details of the City Corporation's Finance Information System can be found on the Oracle pages of the intranet.

SECTION 4. INTERNAL AUDIT

- 4.1 In accordance with The Accounts and Audit Regulations 2015, the City Corporation must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, in accordance with the Public Sector Internal Audit Standards (PSIAS). Responsibility for ensuring this is delegated by the Court of Common Council to the Audit and Risk Management Committee. The Chamberlain as Section 151 Officer is responsible under statute for the proper administration of the financial affairs of the City Corporation including compliance with the statutory requirements for Internal Audit.
- 4.2 The Audit and Risk Management Committee shall receive regular reports on completed work of Internal Audit, assurances provided and progress on the implementation of recommendations. The Audit and Risk Management Committee will also review the effectiveness of the Internal Audit service and the Head of Audit and Risk Management will ensure that a good working relationship with Members is established and maintained.
- 4.3 While the Head of Internal Audit reports operationally to the Chamberlain, to maintain organisational independence, an unrestricted reporting line exists to the Town Clerk and Chief Executive and the Chairman of the Audit and Risk Management Committee.
- 4.4 Internal Audit's remit extends to all operations of the City of London Corporation and, as required by the PSIAS, the Internal Audit function has unrestricted access to all City records and information, both manual and computerised, cash, stores and other City property or assets it considers necessary to fulfil its responsibilities. Audit may enter property of the organisation and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Right of access to other bodies funded by the City should be set out in the conditions of funding. Internal Audit will require and receive such information and explanations as are necessary concerning any matters under examination. within a timely manner/ as set out by the internal audit team.
- 4.5 Officers are required to provide all information requested by Internal Audit and Chief Officers shall consider and respond promptly to recommendations made by Internal Audit and ensure that any agreed actions are implemented in a timely and efficient manner.
- 4.6 Further details on the Internal Audit function are provided in the Internal Audit Charter.

Preventing fraud and corruption

- 4.7 The Chamberlain is responsible for developing and maintaining the Corporate Anti- Fraud & Corruption Strategy, and ensuring that effective internal controls are in place to minimise the risk of fraud, corruption or other financial irregularity.
- 4.8 All Members and Officers must ensure that they comply with the City's Corporate Anti- Fraud Corruption Strategy, and Anti-Money Laundering guidelines.
- 4.9 Any Member, Officer or contractor of the City, who suspects fraud, corruption or other financial irregularity, must ensure that this is reported promptly to the Head of Internal Audit

in order to ensure that evidence is secured and the matter is considered for further investigation.

- 4.10 Where any individual feels unable to report concerns of fraud, corruption or other financial irregularity directly to the Head of Internal Audit or their line manager, they should report those concerns via the City's anonymous whistleblowing channels. Those reporting genuine concerns either directly or via the anonymous channel will not be at risk of suffering any form of retribution as a result of the disclosure.
- 4.11 Management should not attempt to interview staff suspected of perpetrating a fraud, corruption or other financial irregularity, unless expressly asked to do so by the Head of Internal Audit, as this may prejudice any disciplinary or police investigation and/or subsequent legal proceedings.
- 4.12 The Head of Internal Audit will maintain a register of all reported incidents of fraud, corruption or other financial irregularity. These will be reported periodically to the Audit & Risk Management Committee.
- 4.13 Any employee who suspects money laundering activity must report this promptly to the Head of Internal Audit, who is designated as the City's Money Laundering Reporting Officer (MLRO) .

SECTION 5: RISK MANAGEMENT

- 5.1 The Accounts and Audit Regulations 2015 (as amended) require that the City ensures that its financial management is adequate and effective and that there is a sound system of financial control that facilitates the effective exercise of the City's relevant functions and that includes risk management arrangements.
- 5.2 Under the Local Government Act 1999, the City (as a local authority and police authority) is under a general Duty of Best Value "to secure continuous improvement in the way in which its functions are exercised, make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The application of risk management supports this statutory duty.
- 5.3 The CIPFA "Delivering good governance in Local Government Framework 2016 Edition" identifies risk management as one of seven core principles in the overall effective governance of a local authority.
- 5.4 The Charity Commission sets out the expectations for charities and risk management, within its guidance. Those charities for which the City is Trustee are required to have regard to this guidance.
- 5.5 The City must consider this guidance in the development of its approach to risk management for each of the charities for which it is Trustee. In addition, unless in conflict with charity law and regulatory requirements or considered not to be in a charity's best interests, the City's Corporate Risk Management Strategy and governance processes must be followed.
- 5.6 The City is committed to establishing an effective risk management framework and culture to enable management at all levels to deliver their objectives in the light of those risks. This commitment is set out in the Policy Statement together with the risk management formal process in the City's Risk Management Strategy. This Strategy is approved by the Audit and Risk Management Committee and has been adopted for Bridge House Estates by the Bridge House Estates Board.
- 5.7 (a) The Chief Strategy Officer is the lead Chief Officer for Risk Management within the City and responsible for preparing, maintaining and promoting the Risk Management policy and strategy, securing approval of the Audit and Risk Management Committee and maintaining the corporate risk register.
- (b) The Chief Strategy Officer chairs the Chief Officer Risk Management Group, a sub-committee of the Executive Leadership Board which supports it in its overall responsibility for risk management and may also issue requirements and /or guidance to Chief Officers to maintain or improve the City Corporation's risk management framework. Risk management is also discussed at meetings of the City of London Corporation Senior Leadership Team (Corporate Tier 1 Officers)

The Chief Strategy Officer will regularly report the City of London Corporation's corporate and top red departmental risks to the Audit and Risk Management Committee.

5.8 (a) Chief Officers must have regard to the requirements and /or guidance issued by the Chief Strategy Officer and adhere to the City Corporation's risk management policy and strategy.

(b) Specifically, Chief Officers are responsible for:

- ✦ Ensuring that risk management is integrated into business planning, programme and project management and finance planning.
- ✦ Ensuring that there are appropriate management arrangements for the continuous identification, assessment, mitigation, monitoring and reporting of risk within the department- this includes considering the risk appetite and risk culture within their areas.
- ✦ Maintaining corporate and departmental, service, team risks on the corporate risk system and use system generated reports for management and Committee reporting purposes.
- ✦ Reporting their corporate and departmental level risks to their relevant Committee(s) in accordance with the Guidance on reporting risk information to Service/Grand Committees.
- ✦ Identifying and flagging cross-cutting and/or thematic risks impacting the City of London Corporation more widely, eg through Head of Profession roles
- ✦ Appointing a senior officer to act as the departmental risk co-ordinator to promote effective risk management within the department, liaise with the corporate risk advisor and ensures it complies with the City Corporations risk management policy and strategy.
- ✦ Reducing the risk of significant service disruptions by ensuring that they have in place appropriate and robust business continuity plans.

SECTION 6. TREASURY MANAGEMENT

6.1 The Court of Common Council adopts the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. This regulation shall include management of monies in connection with cash and funding resources of the City as Police Authority. For Bridge House Estates, treasury management standards are adopted.

6.2 A Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) setting out the City's strategies and procedures is adopted annually by the Court of Common Council and includes the following scheme of delegation for the operation of treasury policy:

The Court of Common Council

- Receiving and reviewing reports on treasury management policies, practices and activities.
 - Approval of the Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management)
- **The Investment Committee and Finance Committee** Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- Budget consideration and approval.
- Approval of the division of responsibilities.
- Receiving and reviewing regular monitoring reports and acting on recommendations.
- Approving the selection of external service providers and agreeing terms of appointment.

Audit and Risk Management Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

The Chamberlain

- Application of approved strategy
- Treasury dealing with counterparties
- Authorisation of cash transfers
- Borrowing and lending documentation.

6.3 All money in the management of the City shall be aggregated for the purposes of Treasury Management and shall be under the control of the Chamberlain.

6.4 All executive decisions on borrowing, investment or financing shall be delegated to the Chamberlain or through their staff, who shall be required to act in accordance with the Treasury Management Code.

- 6.5 The Chamberlain shall report to the Investment Committee not less than twice in each financial year on the activities of the Treasury Management operation and on the exercise of the Treasury Management powers delegated to him/her. One such report shall comprise an Annual Report on Treasury Management of the succeeding financial year.
- 6.6 Trustee Reports provided for Charitable Funds managed by the City are compliant with Charities (Accounts and Reports) Regulations 2008 and make a risk management statement in their trustee's report.

SECTION 7. INVESTMENTS, BORROWING AND TRUST FUNDS

- 7.1 All borrowing or investments of money shall be made in accordance with the orders of the Court of Common Council or as delegated to the Finance Committee, Investment Committee Bridge House Estates Board and the Chamberlain.
- 7.2 All securities for money shall be held by the Chamberlain or their nominees, except where legal requirements necessitate their being held elsewhere.
- 7.3 The Chamberlain shall maintain records of all borrowing of money and make provisions for repayment where appropriate.
- 7.4 All Members and Officers acting as trustees by virtue of their official positions shall deposit all securities relating to the trust with the Chamberlain, or their nominees, unless the deed (or other legal governing document) otherwise provides.
- 7.5 In addition to the matters set out at 7.1 – 7.4 above, all investments of charitable funds must comply with the relevant charity's governing documents, the Trustee Act 2000, the Charities Act 2011 and other regulatory requirements.

SECTION 8. PROCUREMENT

- 8.1 In accordance with Standing Order 51 all procurement and contracts activity must be undertaken by Officers in accordance with the agreed Procurement Code.
- 8.2 Chief Officers shall be responsible for all procurement originating from their service for the execution of any works, supply of goods, materials and services and shall ensure that the selection of firms to be invited to tender shall be in accordance with the procedures detailed in the Procurement Code and Corporate Project Procedures.
- 8.3 No City contract shall be issued unless its terms have been previously approved by the Comptroller and City Solicitor and be consistent with the requirements as laid down in Standing Orders, Procurement Code and these Financial Regulations.
- 8.4 The use of corporate purchase cards (P-card) is restricted to authorised staff that must follow the rules of the Purchase Card Policy. Where appropriate, a P-card should be used for all expenditure up to £1000 per transaction. Card users are responsible for entering information onto the P-card system which is clear and accurate, avoiding the use of terms which may be open to misinterpretation. The Purchase Card Policy lays out further detail on P-Card use.
- 8.5 Purchase orders must be raised through City Finance System and in compliance with the Procurement Code.
- 8.6 Where contractors are engaged for works that fall within the scope of the Construction Industry Scheme (CIS), the Transactional Finance Data Team shall confirm whether the contractor holds a valid Unique Tax Reference (UTR) number and verify whether the contractor is registered with HM Revenue & Customs (HMRC) for CIS, ensuring that tax is deducted from payments at the appropriate rate.
- 8.7 Prompt notification shall be given to the Chamberlain's Insurance and Risk Management Team where the goods or services procured or sold or the contract terms being entered into materially affect the Corporation's insurance programme prior to agreement. .
- 8.8 All ex gratia and non-contractual claims from contractors shall be referred for comments to the Finance Director of Bridge House Estates for Bridge House Estates contracts or otherwise to the to the Financial Services Director and also to the Comptroller and City Solicitor for comments before settlement is reached. They will further advise on whether approval of the Bridge House Estates Board for Bridge House Estates or otherwise of Finance Committee needs to be sought prior to settlement.
- 8.9 The Finance Director Bridge House Estates for Bridge House Estates and otherwise the Financial Services Director shall, to the extent he/she considers necessary, examine the final accounts or interim valuations for contracts and shall be entitled to make all such enquiries and receive such information and explanations as may be required to satisfy the accuracy of the accounts (see section 24 of the Financial Regulations for further details).

SECTION 9. PAYMENTS OF ACCOUNTS

- 9.1 Payments shall be made, wherever possible, through City Finance System and by the Bank Automated Clearance System (BACS). Where payment by BACS is not possible or practical then payment shall normally be made by cheque drawn through the City Finance System or, in the case of payments of £1m or more, by the Clearing House Automated Payment Systems (CHAPS). Any payment of £1m or more paid via BACS or cheque must be authorised by the Corporate Treasurer in addition to the standard approvals.
- 9.2 Any payments where timing is crucial (e.g. certain property transactions) or where use of BACS would not be appropriate may be processed by CHAPS or Faster Payment. This process should not be used for regular creditor payments. Payment by CHAPS or Faster Payment is available from the Chamberlain's Corporate Treasury Team.
- 9.3 Payments in foreign currency, or sterling payments to a non-UK bank account, shall be made as International payments via internet banking using the beneficiary's International Bank Account Number (IBAN) where possible together with their Bank Identifier Code (BIC, also known as a SWIFT code).
- 9.4 Payment requests in foreign currency or a sterling payment to a non-UK bank account should be made using the standard form which is available from the Chamberlain's Financial Services Division must be approved by an appropriate authorised signatory and submitted to the Corporate Treasury Team.
- 9.5 No officer shall be able to approve a requisition or purchase order that he/she has raised in the City Finance System. The appropriate separation of duties is/shall be ensured by the maintenance of relevant responsibilities and purchase order approval hierarchies within the City Finance System with the exception of system administrators.
- 9.6 The Transactional Finance Data Team shall be responsible for maintaining and updating the purchase order approval hierarchy in the City Finance System and authorised signatories for PO exempt payments, however departments and service areas shall be responsible for informing the Transactional Finance Data Team of required changes to the hierarchy/list.
- 9.7 The person named as the Requestor on the relevant purchase order is responsible for Goods Receipting in the City Finance System to confirm that the goods/services/works have been delivered.
- 9.8 Payments for goods, services or works will follow the receipt of a valid/undisputed invoice and where the goods, services, or works have been delivered in full. Where officers consider it to be in the best interests of the City to make a payment in advance, such payments shall only be made if the appropriate authorisation below has been provided in writing in accordance with the table below. If at any time a significant risk or other concern is identified connected with an advance payment, notwithstanding the limits set out below, officers may remit the decision to Finance Committee for guidance.

Cost of works, goods or services (exc. VAT)	Authorisation Required
Up to £499,999	Head of Finance and Corporate Treasurer
£499,999 up to £999,999	Financial Services Director
£999,000 up to £1,999,999	Chamberlain
£1,999,000 or above	Finance Committee

- 9.9 Before requesting advance payment, a short business case including the risks should the company not deliver is to be included with request for advanced payment. It is noted that payments for rent, software licences, artists fees (50% in advance), or power connection by UK Power Networks, are paid in advance as a standard term for that industry. Unless officers have identified an additional concern or risk, the presumption should be that these can be paid in advance without application of the additional approval set out in para 9.8 above.
- 9.10 Payments in advance may be made by Purchase Cards (P-cards) without further authorisation provided P-cards are used in accordance with the P- card Policy.
- 9.11 Compliance with the P-card Policy is mandatory and non-compliance in certain circumstances may result in disciplinary action **and instant removal of access to the P-Card.**
- 9.12 The Accounts Payable Team is responsible for the payment of all invoices for goods and services. Invoices should be sent directly to the Accounts Payable team. Any invoices received by departmental officers must be forwarded to the Accounts Payable Team without delay.
- 9.13 All undisputed invoices must be paid within 30 days of receipt, but contractual terms may oblige the City to pay certain invoices sooner.
- 9.14 Where contracts, valued more than £250,000 for payments to be made by instalments, all payments to contractors shall made on receipt of a valid VAT invoice and be accompanied by a certificate issued and signed by the Corporation's designated officer or consultant which confirms the value of work completed. Those contracts not subject to the issue of certificates, may be paid on invoices.
- 9.15 Receipting a purchase order (PO) or authorising payment of accounts (by way of approval workflow) in the City's Finance System will release invoices matched to that PO for payment on the due date. Before receipting a PO, officers must determine that:
- a) The goods, services or works to which the account relates have been received, examined, are fit for purpose and, where appropriate, comply with pre-determined standards. Failure to comply may result in additional costs incurred by the department, where additional support is required by the Chamberlain to ensure corrective action(s) is taken.
 - b) The receipt amount reflects the ordered value of goods received/services provided/works completed.

- c) Appropriate entries have been made in inventories or store records.
- d) Proper internal check procedures have operated in the examination of the account.
- e) The account has not been previously paid and is a proper liability of the City.

9.16 Before authorising payment of accounts by way of the City Finance Systems approval workflow or email/signature (Authorised Signatories List) for services that are purchase order exempt, Authorisers or other appropriate officers shall determine that:

- a) The goods, services or works to which the account relates have been received, examined, are fit for purpose and, where appropriate, comply with pre-determined standards.
- b) The amount reflects the ordered value of goods received/services provided/works completed.
- c) Prices, extensions, calculations, discounts, other allowances and credits are correct, as expected or are otherwise reasonable.
- d) The expenditure has been properly incurred and is within the relevant estimated provision.
- e) The account has not been previously paid and is a proper liability of the City.

SECTION 10. IMPREST ACCOUNTS (PETTY CASH)

- 10.1 The Corporate Treasurer shall provide Imprest accounts and may arrange for bank accounts to be opened for use by holders of Imprest accounts but are not generally encouraged. Such bank accounts shall not be overdrawn.
- 10.2 No sums received on behalf of the City may be paid into an imprest account but shall be banked separately or paid to the City promptly as may be directed. Income and change floats shall be kept separately from the imprest cash at all times and shall not be used to fund cash expenditure.
- 10.3 Payments from imprest accounts shall be limited to minor items, the maximum value of which shall be £100; larger figures require the prior approval of the relevant Chamberlain's Head of Finance
- 10.4 Expense claims for staff should be made through City People. Only if staff do not have access to City People should they use the petty cash claim form that can be found on the intranet
- 10.5 All imprest/petty cash claims should be approved by a second officer (either the Head of Finance or their nominated officer) prior to reimbursing the claimant. This ensures a separation of duties is maintained between the person claiming the money and the person approving that payment can be made for appropriate spend.
- 10.6 All payments shall be supported by vouchers and all receipts, including a VAT receipt wherever appropriate. Payments made on behalf of the Commissioner of Police in pursuit of their operational responsibilities may exceed the maximum figure where specifically authorised by the Commissioner of Police.
- 10.7 A reconciliation of imprest accounts should be completed on a monthly basis by each department At the end of the financial year imprest holders shall provide the Chamberlain with certificates which must be sent to their Head of Finance promptly after the end of the appropriate financial year. The Head of Finance shall review these certificates and ensure they reconcile to the general ledger. Once satisfied they should countersign the certificate and provide a copy to the Corporate Accountancy.
- 10.8 Reimbursements of imprest accounts shall be made through the City Finance System ordinarily at monthly intervals, following a full reconciliation of the mprest account and, in any event, frequently enough to maintain a sufficient amount of cash in the float to cover claims for the relevant bank account to remain in credit

- 10.9 If an imprest holder leaves the City's service, he or she shall advise the Corporate Treasurer of the name of the officer for whom responsibility has been passed, who in turn shall confirm that they are now taking responsibility for the imprest.
- 10.10 Disbursements shall be limited to minor items of expenditure, and specifically should not include expenditure which should form part of the payroll system, (e.g. clothing and car allowances), nor shall they include the encashment of personal cheques and the advancing of loans.
- 10.11 The only bank charges which should be incurred, in respect of imprest accounts operated via a bank account, are those in the normal course of operation of the account.
- 10.12 All Departments holding petty cash should ensure that, at all times, cash is adequately secured. As a minimum this should be in a cash box within a lockable drawer. Amounts in excess of £100 should be kept in a safe overnight.
- 10.13 Whenever any matter arises which involves or may suggest irregularities affecting a petty cash/imprest account, the relevant Chief Officer shall notify the Financial Services Director, the Corporate Treasurer and Head of internal Audit forthwith. This also applies in the event of any loss from the imprest account identified during reconciliation.

SECTION 11. TRAVELLING AND SUBSISTENCE CLAIMS

- 11.1 All claims for reimbursement of travelling, subsistence and minor personal expenses shall be made via the payroll system (self-service through the HR/Payroll System). Each claim shall be promptly submitted for payment through the HR system detailing the expenditure incurred, supported by receipts, dated, coded, and approved electronically by the appropriate authorising officer. Items or services purchased on behalf of the City must not be reimbursed through the HR System and instead where possible a Purchase Card (P-card) should be used to avoid the need for a claim. If it is not possible to make a payment using a P-card then the only alternative would be for a payment request claim to be processed via Accounts Payable within the City Finance System. Officers making purchases on behalf of the City using their own funds should ensure they have prior approval otherwise this is at their own risk and it does not guarantee the claim will be paid out. Claims for reimbursement of travelling, subsistence and minor personal expenses should be submitted on a regular monthly basis and within three months of the date the expenditure was incurred. The reimbursement of claims falling outside of this timeframe will require the permission of the Chamberlain. Such permission will only be given following Chief Officer justification for the late submission of the claim. Claims for expenses, where more than six months has lapsed since the expenditure was incurred, will not be allowed.
- 11.2 Travel should be booked in accordance with the City Corporation's Travel Policy. The preferred method of payment for any business travel expenditure outside of a Corporate Contract or to be re-imbursed through Payroll up to £1000 is a (P-Card) in line with Section 8.4 of these regulations and the P-Card Policy.
- 11.3 Claims with a total value of less than £100 (inclusive of VAT) may be reimbursed from petty cash where use of a P-card would be unsuitable or a P-card is unavailable i.e. outside of office hours or for one off expenditure.
- 11.4 Copies of claims and VAT receipts must be kept by the claimant for audit and accounting purposes.
- 11.5 Every Officer who receives a car loan or car allowance, whether casual or essential, must produce to their Chief Officer the registration document of the car, a valid certificate of insurance and an assurance to take all reasonable steps to maintain the car in an efficient and roadworthy condition. The Chief Officer shall be promptly informed of any subsequent changes to the above details.
- 11.6 All car allowances are to be paid through the payroll system.
- 11.7 The certification by or on behalf of the Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and all the requirements of the appropriate City scheme have been observed.
- 11.8 All travelling allowances paid shall be in accordance with the current provisions laid down by the City in the Business and Travel Expenses Scheme. All subsistence allowances paid shall be in accordance with the current provisions laid down by the City in the Employee Handbook.

11.9 The payment of fees for individual membership of professional bodies shall be the responsibility of the member of staff to whom the individual membership relates. Consistent with the Subscriptions to Professional Bodies, Societies and Business Interest Groups employee policy, staff can, through the HR System, reclaim membership fees for approved professional bodies, a list of which can be found on SharePoint. Fees for corporate membership of professional bodies shall be paid by the Chamberlain's Accounts Payable Team.

SECTION 12. CUSTODY AND SECURITY OF ASSETS

- 12.1 Chief Officers are responsible for maintaining proper security and stewardship over all assets under their control in accordance with Standing Orders.
- 12.2 Chief Officers are responsible for the maintenance of registers for City Fund, City's Cash and Bridge House Estates assets as follows:
- Property (Buildings and Land) - City Surveyor
 - Police Vehicles - Commissioner of Police
 - Other Vehicles - Executive Director of Environment
 - Exhibits - Assistant Town Clerk and Cultural and Visitor Development Director
 - Barbican Centre - Managing Director, Barbican Centre
 - Infrastructure - Director of Built Environment
- 12.3 All Chief Officers shall ensure that any information requested from them by the above registrars, for the purposes of maintaining the above asset registers, is provided rapidly and freely. Any acquisitions or disposals of assets (other than furniture and equipment) should be notified to the relevant registrar at the appropriate time.
- 12.4 Asset registers are required to itemise all City Fund assets which cost in excess of £1,000 and for those assets acquired since 1st April 1990, the date and cost of acquisition. In respect of all assets other than land and buildings, the information should be capable of being extracted from inventories. Although the Chamberlain is the statutory registrar for items of furniture and equipment, it is the responsibility of each Chief Officer to maintain inventories for all furniture and equipment within their control (There is no longer a requirement to provide separate registers of furniture and equipment items costing in excess of £1,000.
- 12.5 The authority to acquire new or add to/enhance existing assets with a value in excess of £50,000 is subject to the Corporate Project Procedure or as otherwise required in accordance with standing orders.
- 12.6 A terrier (a record system for the City's land and property holdings) shall be maintained by the City Surveyor's for all City properties, whether owned or leased. This should supplement the information required to maintain property asset registers for all Funds.
- 12.7 The Comptroller and City Solicitor is responsible for the safe custody of all deeds and lease agreements in respect of all properties owned or leased by each of the City's Funds.
- 12.8 For acquisition of property a completed acquisition statement shall be provided by the Comptroller to the Chamberlain prior to the transaction being completed

Disposal of Assets

- 12.9 Assets with a value in excess of £50,000 require approval of the relevant service committee or board before disposal. In addition, there is specific governance relating to the disposal of

property within standing orders. Where acquisition of a number of assets has been aggregated into a capital project (e.g. fleet vehicles, personal IT devices such as laptops etc) then disposal proceeds should be likewise considered on an aggregated basis. Disposal proceeds generally accrue back to the centrally held reserves – they may not be used to supplement local risk budgets or be reallocated to supplement project budgets without specific member approval.

12.10 Assets should be disposed of at Fair Value – any proposal to dispose of an asset at below fair (market) value must be in consultation with the Chamberlain and Comptroller and City Solicitor and requires specific member approval. For assets under the control of Bridge House Estates, consultation must also be sought with the Managing Director of Bridge House Estates.

12.11 The Chamberlain must be advised of the disposal of capital assets before the year-end to ensure the accuracy of the City's published accounts.

SECTION 13. INSURANCE

- 13.1 The City maintains insurance cover to limit the financial impact of the consequences of unforeseen events leading to the loss or damage to the City's assets or claims for injury loss or damage being made against the City.
- 13.2 The Chamberlain shall procure and maintain all appropriate insurance policies and will manage all claims within the policies, in consultation with other officers as necessary.
- 13.3 Chief Officers shall notify the Chamberlain's Insurance and Risk Management Team promptly of all new risks, assets or material changes relevant to the City's insurance programme. This may include, but not be limited to:
- Significant organisational changes, responsibilities and practices e.g. major in/outsourcing.
 - Additions, loans and disposals of assets, including properties, contents, stock and equipment, plant, vehicles, works of art and heritage assets etc.
 - Contract works, changes of use and occupancy of properties.
 - Travel outside of the UK or involving an overnight stay on the business of the City Corporation
 - Major events, collaborations.
- 13.4 Chief officers shall maintain and provide up to date insurance values for the assets insured.
- 13.5 Chief Officers shall immediately notify the Chamberlain's Insurance and Risk Management Team of any loss, potential liability or damage to third parties or to City property that may lead to a claim and take appropriate action to prevent further losses occurring. All officers and staff must comply with the relevant terms and conditions of the insurance policies and provide assistance in the investigation of any claim within the specified timescales, as required. No admission of liability or offers of payment should be made that may prejudice the assessment of liability in respect of any insurance claim.
- 13.6 No Chief Officer shall enter into any indemnity which the City is required to give unless the terms thereof have been approved by Financial Director of Bridge House Estates for Bridge House Estates, or otherwise by the Financial Services Director and also by the Comptroller and City Solicitor or their named delegated officer.
- 13.7 The Chamberlain's Insurance and Risk Management Team shall be notified immediately that any valuables belonging to a private individual are taken into the Corporation's possession so that directions may be given as to their recording and safe keeping. The term "valuables" shall include watches, jewellery, cash, documents, goods, chattels or any other items of intrinsic value. It does not apply to "lost property" of a low value.

SECTION 14. SECURITY AND DATA PROTECTION

- 14.1 Each Chief Officer is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, information etc. under their control (see also Financial Regulations concerning Inventories Section 19). In this respect, he or she shall inform the Financial Services Director or Head of Internal Audit and the Security Board where appropriate, immediately where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 14.2 Maximum limits for cash holdings shall be agreed with the Chamberlain's Head of Internal Audit and shall not be exceeded without their express permission.
- 14.3 Keys to safes and similar receptacles are to be the responsibility of designated Officers and are to be kept secure at all times. Loss of any such keys must be reported to the Corporate Treasurer or Head of Internal Audit. Duplicate keys to all safes are to be held in a place approved by the Chamberlain's Head of Internal Audit and locked away for use in the case of emergency only.
- 14.4 Chief Officers should ensure that all staff are aware of the arrangements which the City has in place for the proper control and management (including retention) of all information owned by, or otherwise under the control and management of, the City and held in any format (e.g. paper, electronic, microfiche, etc.). Chief Officers should ensure that all members of their Department are aware that information concerning secret and confidential matters or personal information must not be disclosed in any way except to persons entitled to receive such information. All staff are expected to be familiar with the Employee Handbook, have completed relevant mandatory training (including IT security and data protection training), and be familiar with their own department's policies and procedures.
- 14.5 All staff, including temporary, contract or agency staff, are required to comply fully with the requirements of the Data Protection Act (DPA) and the United Kingdom General Data Protection Regulations (UK GDPR). Chief Officers, (who are each "Responsible Officers" for the purposes of the DPA and UK GDPR) each have particular responsibility for implementing appropriate measures and maintaining proper safeguards to ensure the security and the appropriate degree of privacy of all personal data held within their departments, whether electronically or in other formats. The City's Director of Digital Information and Technology and the City's IT Information and Security Director (who are each "Responsible Officers" for the purposes of the DPA and UK GDPR) each have similar obligations relevant to their role.
- 14.6 In Particular, Responsible Officers are required to implement "privacy by design and default", to comply with the six data protection principles under the UK GDPR, and to maintain appropriate records, including Records of Processing Activities (ROPA) and, where appropriate, undertake Privacy Impact Assessments (PIA). Where processing is contracted out to third parties then the requirements for data processors must also be complied with.
- 14.7 The City's Director of Digital Information and Technology shall agree with Chief Officers, consulting as appropriate with the Chamberlain's IT Audit Manager, the degree of privacy

and security to be applied to IT Systems. The IT Information and Security Director shall then be responsible for maintaining proper security and the agreed control of access the systems to maintain the privacy or confidentiality the information held on those systems where he is responsible for development, support or operation of those systems. Chief Officers are responsible for maintaining such standards within their own departments.

- 14.8 Chief Officers should ensure that all staff within their department who use IT and communication storage devices (e.g. Desktop PCs, Laptops, PDAs, Smart Phones, Mobile phones, etc.) are aware of, and adhere to, the current IT Security requirements and Internal Audit Guidelines. All new employees should be briefed as to the security policies and procedures that are applicable to them, including the implications of relevant legislation.
- 14.9 Prior to the employment of temporary contract, or agency staff, each Chief Officer should ensure that they receive written confirmation from such staff that they understand and agree to conform to the Rules for the Use of City Information Technology Systems (IT) Facilities. System access will be provided by the IT Service Desk. Line of Business Application (LOB) access may require authority to access the specific information from the relevant business system administration team.

SECTION 15. INCOME & BANKING ARRANGEMENTS

- 15.1 The systems effecting the collection of all money due to the City shall be approved by the Chamberlain.
- 15.2 All banking arrangements shall be made by or subject to the prior approval of the Chamberlain.
- 15.3 The Chamberlain shall be notified promptly of any event where income potential will arise to the City. In such instances the Chamberlain shall be consulted prior to any contracts, leases and other agreements and arrangements being entered into which involve the receipt of money by the City, and the Chamberlain has the right to inspect any document or other evidence in this connection as he may decide.
- 15.4 Each Chief Officer shall ensure the use of City Finance System for the raising of debtor invoices and the recording of data in respect of miscellaneous invoiced income, unless otherwise directed by the Chamberlain.
- 15.5 Departments shall ensure that arrangements are in place for the regular and frequent reconciliation of amounts collected to the general ledger.
- 15.6 All income must be accounted for separately and never credited to an expenditure code. In particular, proceeds from the disposal of assets are not to be off set against expenditures.
- 15.7 All income, whether cheques, notes or coins received by an officer on behalf of the City shall, without delay, be recorded including a reference to the related debt, such as the receipt number, the name of the debtor, details of any cheques or other indication of the origins of the income, and (unless otherwise directed by the Comptroller and City Solicitor) paid intact into a designated bank account. This shall be done at regular intervals and in a manner as directed by the Chamberlain.
- 15.8 Every officer who banks money shall enter on the paying-in slip their name, their contact telephone number and/or email address, and the number of cheques being paid in (if any). Every officer paying in money should also ensure that the standard electronic form is completed and submitted to the Chamberlain's Income Allocation Team (In Corporate Treasury) on the day of banking to facilitate the correct coding of the banked monies.
- 15.9 Cash payments are not encouraged, except where necessary and Officers must ensure that cash payments are not accepted for individual transactions which exceed the threshold of 10,000 euros (set by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 which came into force on 26 June 2017.
- 15.10 Departmental procedures for accepting cash, cheques or credit cards tendered in respect of the sale of goods, materials or services by the City shall be agreed by the Chamberlain.

15.11 All cheques and similar documents (but excluding cheques drawn on authorised imprest accounts) shall be ordered only on the authority of the Chamberlain , who shall make proper arrangements for their safe custody.

15.12 Cash holdings on premises shall be kept to a minimum, in safes or locked receptacles appropriate for the value being held with regard to the insurance limits. The average and maximum values held in safes must be notified to the Insurance and Risk Management team.

15.13 Money held on behalf of the City shall be kept separately from personal funds and shall not be used in any way for personal purposes.

15.14 Every transfer of official money from one member of staff to another will be evidenced in the records of the departments concerned by the signature of the receiving Officer.

VAT

15.15 Chief Officers shall ensure that the form of any sundry debtor invoice, or other equivalent document used in the collection of VAT, is approved by the Chamberlain prior to use.

15.16 For all new income streams advice should be sought from the City's VAT Accountant to determine the appropriate VAT liability. A guide for VAT can be found on the intranet.

Irrecoverable debts

15.17 No debt shall be written off without first obtaining the approval of the Assistant Director Financial Shared Services and the required level of authority (see Standing Order 52). Write offs may be approved for a variety of reasons, among the more usual are:

- (a) insufficient legal proof of the debt or liability for the charge.
- (b) probable expense of legal action in excess of amount to be recovered.
- (c) debtor cannot be traced.
- (d) debtor with insufficient means or assets.
- (e) the debt represents the balance outstanding after a final dividend has been paid in bankruptcy or insolvency cases.

Chief Officers shall maintain relevant documentation to support the validity of the write-off, confirming that action has been taken to mitigate the loss. Where a series of debts are proposed to be written off at the same time, their aggregate value shall be used when considering authority required for the write- off under Standing Order 52.

Fees and Charges

15.18 When determining fees and charges to persons or external organisations, all departments should recover full costs, or submit reasons to the appropriate Service

Committee when that objective is not met. The Duty to recover costs must be subject to any other overriding statutory provision e.g. Freedom of Information Act 2000.

15.19 Charges and the charging rationale should be reviewed regularly (e.g. annually). The review of charges should be reported to Committee unless discretion is specifically awarded to Chief Officers.

15.20 Should consideration be given to offering goods or services in the form of a benefit-in-kind to a third party, the relevant policy on benefits-in-kind should be followed both prior to making the decision to provide goods or services at a reduced or nil charge, and in subsequent monitoring of this decision.

Charitable Grant/Voluntary Income

15.21 For all charities for which the City is Trustee regard must be had to the current version of the Charities SORP in relation to the acceptance of grants or other forms of voluntary income. Such income is classified as a 'non-exchange' transaction.

15.22 The recognition of grant/voluntary income within the accounts of each charity must follow the general rules of recognition, considering the criteria of entitlement, probability and measurement (SORP 5.8)

15.23 Recipients of such income must be mindful as to whether it can be used for any purpose of the charity or is restricted to a specific purpose. Advice should be obtained from the Charities Finance Team and Comptrollers and City Solicitors where either restrictions are being considered or any other form of agreement is to be held with a donor/(s).

SECTION 16. PARTNERSHIPS

- 16.1 When entering into collaborative arrangements, be they partnering, partnership agreements, or other forms of sponsorship, each Chief Officer shall undertake an initial due diligence exercise to ascertain which form of collaboration is being proposed. Based on this initial scoping exercise, the relevant collaboration proposal will need a risk management appraisal to ensure that the City's interests are protected and appropriate financial (including fiscal) and legal advice needs to be sought from both the Chamberlain and the Comptroller and City Solicitor. Chief Officers shall ensure that: -
- (a) Involve Commercial Services where appropriate and necessary select routes to choose an appropriate partner, this is especially important if the partnership could result in a contract.
 - (b) Consult with the Chamberlain to ensure expenditure and income transactions are correctly accounted.
 - (c) an appropriate exit strategy is in place.
 - (d) where necessary, proposed contractual and other relevant agreements are approved by the appropriate Service Committee, and where the Town Clerk considers necessary, approval is also received by the Finance and/or Policy and Resources Committees, prior to the conclusion of any negotiations with external bodies; and
 - (e) details of each collaborative arrangement must be forwarded to the Town Clerk for inclusion within a corporate database.
- 16.2 Within three years of the start of a collaborative arrangement (partnering or partnership agreement or sponsorship agreement as the case may be), each Chief Officer shall ensure that the ongoing costs, benefits and risk management issues are reported to the appropriate Service Committee with reference to applicable corporate objectives and agreed project outputs. Further reporting is to be carried out at intervals of three years for as long as the relevant arrangements remain active.
- 16.3 Information on the Concession Contracts can be found in the Procurement Code - please see both Part 1 (Rules) and Part 2 (Guidance).

SECTION 17. GRANT-MAKING

17.1 Grants made by the City Corporation are frequently voluntary payments made to further the purposes of a grant-making charity. Grants can be made to either fund the general purposes of the recipient or for a specific activity or service. A grant may be unconditional, or subject to conditions which must be met before the recipient is entitled to the payment.

17.1 17.2 All grants awarded from charitable funds managed by the City shall be made in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland. This requires the full value of a grant award/commitment to be recorded as expenditure when a constructive obligation exists. Such an obligation exists when the grant-making charity creates a valid expectation on the part of the recipient that the full grant will be paid. Although grants are non-contractual, a liability still arises if the charity has no realistic alternative but to provide the funding. A grant may be made subject to binding terms and conditions under an agreement.

17.3 Evidence of constructive obligation for a grant may exist where:

- a) The commitment made by the charity is specific i.e. an amount is approved to fund particular services/activities to a named organisation.
- b) The commitment offer is communicated directly to the recipient before our financial year-end (31 March). Such communication is expected to be a formal offer in writing, approved in line with the relevant delegations of authority operated by the Service Committee involved.
- c) There is an established pattern of practice by the grant-making charity that it will meet its commitments giving rise to a legitimate expectation of funding being received
- d) Where a grant commitment is payable over a period of more than one year, a liability must be recognised in the fund charity's accounts for the full amount of the grant, unless conditions exist for payments falling due after the financial year-end. Grant awards/commitments can be made which give the funding charity the discretion to avoid future payments based on their assessment of whether the conditions attached to the full commitment will be/have been met by the grantee. The inclusion of any such conditions must be communicated to and agreed with the grantee at the time or the outset of the arrangement
- e) Not all conditions attached to a grant award/commitment create a situation that gives the grant-making charity discretion to withdraw from its funding obligation. A requirement for a grantee to provide ongoing reports throughout the life of the project being funded is not sufficient to prevent future years' funding from being recorded upfront as expenditure. Where payments for later years are subject to performance-related conditions, that would allow the funding charity to legitimately withdraw from its commitment if these are not met, this would enable the funder to recognise part of the grant only at the initial point of approval.

An example being 4-year grant of £400,000 approved, payable evenly across the grant period:

- a) Only condition is that annual management accounts for the project are provided – accounting treatment: full £400,000 recorded as expenditure in the month of approval by the relevant Service Committee.
- b) Condition states that at the end of year 2, performance of the grant will be reviewed externally. Satisfactory results will need to be achieved against the stated objectives for the grant to continue – accounting treatment: £200,000 recorded as expenditure in the month of approval by the relevant Service Committee, with the remaining £200,000 recorded as expenditure if/when satisfactory results are approved against objectives.
- c) The payments that are made against grants awarded/ committed will be coded to a balance sheet liability account. At any point in the lifetime of a grant, the amount still due to be paid to the grantee will be recorded in the finance system as an outstanding liability.
- d) Any amounts not paid out at the end of a grant - i.e. balances left as an outstanding liability – should be written-back against grant expenditure. Confirmation of write-backs should be approved by the relevant Service Committee.
- e) Reconciliations of grant liabilities to underlying systems/data should be produced on a regular basis, determined by the value and volume of grants being committed. Discussions on the validity of outstanding liabilities should be held with the relevant service department, with adjustments agreed in line with department held grant-making policies.

17.4 All grants awarded from non-charitable funds managed by the City should aspire to follow recommended practice as established within the Charities SORP, with reasons submitted to the appropriate service committee when this practice is not followed. Advice should be taken from the Central Grants Unit (CGU) if consideration is being given to not following the SORP guidance.

17.5 The City Corporation also makes grants from its non-charitable funds to other organisations to undertake works that deliver a corporate outcome, such as capital grant funding to the Museum of London to relocate to the Smithfield Market site. Approval to such funding requires the authority of the Policy and Resources Committee or Capital Buildings Committee as appropriate.

SECTION 18. SALARIES, WAGES AND PENSIONS

- 18.1 The payment of all salaries, wages, pensions, compensation and other emoluments to all employees and pensioners of the City shall be made by the Chamberlain or under arrangements approved by them.
- 18.2 Each Chief Officer, or their authorised representatives, shall notify the Chamberlain's Payroll Manager as soon as possible, and in the prescribed form, of all matters affecting the payment of such emoluments, and in particular; -
- (a) Appointments, resignations, dismissals, suspensions, secondments and transfers.
 - (b) Absences from duty , apart from approved leave, as laid out in the Employee Handbook. Sickness absence should be entered by managers directly onto Trent.
 - (c) Changes in remuneration, and pay awards and agreements of general application.
 - (d) Information necessary to maintain records of service for superannuation, national insurance, income tax, etc.
- 18.3 All appointments of permanent employees shall be made in accordance with the regulations of the City and the approved establishments, grades and rates of pay. The creation or re-designation of any post requires prior approval in accordance with the Schemes of Delegation as published by the Town Clerk, for City Corporation Departments and the three City Schools. Any changes to existing or new posts made in line with this regulation must be notified to the appropriate HR Business Unit to be entered on the HR system.
- 18.4 All pay amendments and time records shall be in a form approved by the Chamberlain's Payroll Manager, this may include emails from Human Resources authorising changes. Changes shall be notified to the Chamberlain's Payroll Manager as they occur.
- 18.5 All Line Manager's engaging on behalf of the City are required to complete the HMRC's Employment Status Service tool. The tool must also be used to ascertain the employment status of other off payroll workers who do not fall under IR35 but should be engaged on a fixed term contract or variable contract due to the nature of the work.

SECTION 19. INVENTORIES

- 19.1 Chief Officers shall ensure that Inventories of all assets are maintained by their Department. An inventory is a detailed list of assets. "Assets" shall be taken to mean furniture, fittings and equipment, plant, machinery and the City's Treasures. Assets that are being rented or leased on a long-term basis, or such that the responsibilities of stewardship lie with the Department, should also be included in the inventory. Generally, items with a lifespan longer than one year should be included, unless they are already recorded on a formal stock record system.
- 19.2 The inventory should be in the form of a permanent document. It is important to ensure that the inventory is complete and that all parts of it are kept together. The inventory can be in any media, except index cards.
- 19.3 The inventory should provide the following information for each item:
- a. Location, but if the item is moved between locations, note the general area. (A separate record of location may well be necessary).
 - b. Full description
 - c. Serial and Code numbers, if relevant
 - d. Date of purchase and cost of acquisition
 - e. Estimated current replacement value (for insurance purposes), which should be reviewed annually; and
 - f. Date of disposal and the proceeds
 - g. The total of all the estimated current replacement values should be shown, so that the information is readily available for insurance purposes.
- 19.4 Where practical, the inventory should be updated each time there is an acquisition or disposal. This will produce a more accurate record than if all the amendments are done at the end of the year.
- 19.5 Each Chief Officer is responsible for ensuring that an annual check is carried out of all items on the inventory and for taking action in relation to surpluses and deficiencies. If any discrepancies are found when checking the inventory, these should be followed up until reasons have been found. If the result of these findings is that an item has to be removed from the inventory, then the appropriate authorisation should be sought. If the item concerned is valued at more than £50,000, then Committee approval should be sought for any such write-off in accordance with Financial Regulation 19.6 below. The inventory should then be amended accordingly.
- 19.6 The disposal of any item of inventory shall comply with the City's agreed disposals procedures items of inventory with an estimated disposal value in excess of £50,000 must be approved by the appropriate Committee. Where the acquisition of an asset was aggregated into a capital project (e.g. fleet vehicles, personal IT devices such as laptops etc) then disposal proceeds should be likewise considered on an aggregated basis. Disposal proceeds generally accrue back to the centre – they may not be used to supplement local risk budgets or be reallocated to supplement project budgets without specific member approval.

- 19.7 It is important that at least one copy of the of the inventory is held separately from the assets that it lists, so that if a disaster occurs to the Department or the Guildhall, then all information is protected for insurance purposes, in the event that items need replacement. If provision has been made for a business continuity box, as part of the Corporation's disaster recovery plan, then this would be the ideal location for a copy of the inventory. For inventories that are kept on computer disk, backup copies should be kept in a fireproof cabinet in a separate location to the computer.
- 19.8 All assets, other than for furniture and equipment, which cost in excess of £5,000 are required to be separately notified to the appropriate registrar for inclusion in the asset register. The Chamberlain, in their statutory capacity as registrar for furniture and equipment, may request inventories to be sent to them at 31st March in any one year.
- 19.9 The City's property shall not be removed or used otherwise than in accordance with the ordinary course of the City's business or purposes except in accordance with specific directions issued by the Chief Officer concerned.

SECTION 20. STOCKS AND STORES

- 20.1 Each Chief Officer shall be responsible for the proper care and custody of the stocks and stores under the control of their department, and shall maintain proper records in such a form and the extent as may be agreed from time to time by the Financial Services Director .
- 20.2 Chief Officers shall ensure that a count and valuation and reconciliation of all stocks and stores held in their departments is carried out, either continuously, or on or about the 31st March of each year. The Financial Services Director , however, may dispense with this requirement in cases where the value of the items held in store is less than £20,000 in total.
- 20.3 Checks and reconciliations of all stocks and stores, should wherever possible be undertaken in the presence of a person independent of the keeping of the stores concerned.
- 20.4 All items of stock, other than PC equipment, found to be surplus are to be disposed of at the best prices available by sale, exchange, internal transfer or scrapped. In respect of PC equipment, this is to be disposed of in accordance with the procedures detailed on the appropriate Intranet page as maintained by Digital Information and Technology Services
- 20.5 The return of all goods to suppliers shall be authorized by the appropriate Chief Officer or their authorised representatives. In each instance officers are only to release such goods when they are, certain that the return has been properly authorised, satisfied that the collection company has been previously notified to them, and that they are in receipt of appropriate return note documentation.

SECTION 21. MOTOR VEHICLES

- 21.1 All departments operating vehicles shall maintain records listing details of all motor vehicles under their control whether owned by, hired by or leased to the City. Each Chief Officer shall ensure that all such information concerning vehicles under their control is supplied to the Executive Director of the Environment who is responsible for maintaining an asset register for City owned vehicles. The Commissioner of Police shall also maintain a register of his vehicles
- 21.2 Chief Officers may acquire and dispose of any vehicle provided they comply with the Procedure for the Purchase and Disposal of City of London Vehicles .
- 21.3 The registration documents of all City owned vehicles shall be recorded and held in safekeeping in a manner approved by the Financial Services Director.
- 21.4 Each department hiring or leasing vehicles shall maintain adequate records evidencing the terms of the hire or leasing agreement.
- 21.5 No vehicle shall be used otherwise than in accordance with the ordinary course of the City's businesses or purposes without the prior permission of the Chamberlain. Such permission is only to be given in exceptional circumstances upon presentation of a written report providing justification.
- 21.6 A vehicle trip log shall be kept for all motor vehicles which require a road fund licence. This should show as a minimum the milometer readings at the beginning and end of the trip, the reasons for the trip, and the name of the driver officer in charge of the vehicle during the trip. Chief Officers shall be responsible for ensuring that milometer readings are continuous.
- 21.7 Where a department has its own fuel pump comprehensive records shall be maintained of all deliveries and issues.
- 21.8 The proceeds from the disposal of fleet vehicles previously purchased through a capital project shall accrue to centrally held reserve and may not be used for other purposes such as supplementing local risk budgets.

SECTION 22. ENTERTAINMENT & HOSPITALITY

Hospitality

- 22.1 Acceptance of gifts or tokens by employees from persons who have, or may seek to have, dealings with the City are dealt with through the Employee Handbook – Code of Conduct – Hospitality & Gifts.
- 22.2 All other Business Expenses (Business Assets) should be purchased via Purchasing Cards/Petty cash.

Entertainment

- 22.3 All business entertainment expenses must be incurred in accordance with the City Corporation's Business Travel Policy and Travel and Subsistence Policy which can be found on SharePoint.

SECTION 23. DOCUMENT RETENTION

23.1 There is very little specific legislation that prescribes retention of document periods for financial documents in Local Government. Where specific legislation does apply to specific documents, the minimum retention period has been outlined below., In general, for audit purposes, all original records should be retained for at least 18 months after the end of the financial year to which they relate. For example, a document created on 1 June 2000 should be held until 31 September 2002 as a minimum.

23.2 In addition the permanent retention of “key records relating to building and engineering works such as surveys, site plans, drawings, bills of quantities, contract documents, including those which relating to major projects which have been abandoned or deferred, deeds, lease documents, insurance policies, inventories, valuations”.

23.3 No specific legislation, except that relating to VAT, covers the format in which Local Government records are retained. If a department wishes to consider electronic storage, it should ensure that it complies with the British Standard Code of Practice for Legal Admissibility and Evidential Weight of Information Stored Electronically (PD0008:1999), and the section on Microfilming and Electronic Storage at the end of this section.

23.4 Departmental policy for the retention or destruction of financial records shall be approved by the Chamberlain or his/her designate, subject to the overriding requirements of the Director of London Metropolitan Archives. and relevant legal requirements which apply. Details of the minimum periods for which certain records are to be retained, and guidance as to microfilming and the electronic storage of data, are provided below.

Rates, Community Charge and Council Tax Records

23.5 Apart from archival uses, legal requirements make it necessary to retain details of payments etc. over a six-year period (Limitation Act 1980).

Record	Relevant Statute	Minimum Period of Retention
Valuation Lists	General Rate Act 1967	Permanently
Valuation Officer's Direction Lists	General Rate Act 1967	Permanently
Primary Rate Records		10 Years
Supporting Documents to Primary Rate Records		6 Years
Bailiff's completed Receipt Book		10 Years
Rating Lists	L.G. Finance Act 1988	Permanently
Schedules to Rating Lists	L.G. Finance Act 1988	Permanently
Community Charge register	L.G. Finance Act 1988	Permanently
Canvass Form		6 Years
Primary Comm. Charge Records		10 Years

Supporting Documents to Primary Community Charge Records		6 Years
Council Tax Valuation Lists	L.G. Finance Act 1992	Permanently
Schedule to Valuation Lists		Permanently
Primary Council Tax Records		10 Years
Supporting Documents to Primary Council Tax Records		6 Years

Housing Rental Records

<u>Record</u>	<u>Relevant</u>	<u>Statute</u>	<u>Minimum Period of Retention</u>
Housing Property File/Ledger	.		6 Years
Housing Primary Rent Collection		.	6 Years
Records (including rebates and refunds)	.		6 Years
Other Subsidiary Records		.	After external audit but a minimum of 18 months after the end of the financial year

GENERAL INCOME (OTHER THAN RATES, COMMUNITY CHARGE AND COUNCIL TAX)

In general, once an account has been paid there is no need to keep supporting records after the external audit has taken place, except for VAT income accounting purposes (See below).

<u>Record</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Primary Periodical Income Record	.	3 Years
Primary debtors record		Currency of record or 6 years, whichever is the longer
Supporting documents to 1 & 2 above	.	3 Years
Assessment files (dead case)		After external audit but a minimum of 18 months after the financial year.

Domestic Help Timesheet	.	2 years after completion of external audit
Income Returns from Departments		1 years after completion of external audit
Completed receipt books & other documents	.	6 Years (See VAT Section)
Cash Register Till Rolls		6 Years (See VAT Section)

Housing Act Advances		
Car Loan Repayments, Private Street Works, Public Health Acts etc - payments by instalments over a period of years		Basic information to be retained 12 months after completion of payment.

ALL ASSESSMENT RECORDS

(for a particular year)

<u>Record</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Including Rent Allowances & General Income		3 Years
Council Tax and Housing Benefits	Limitation Act 1980	6 Years
Community Charge Benefits	Limitation Act 1980	6 Years

EXPENDITURE RECORDS

<u>Record</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Register of Tenders & Quotations		Currency of records, or 6 years for dead cases
Contract Documents (where contract is under seal)	Limitation Act 1980	12 Years
Contract Documents (where contract is not under seal)	Limitation Act 1980	6 Years
Unsuccessful quotations & tenders		A minimum of 12 months after the start of the contract
Contract Register		Indefinitely

Contractors' Final Account Documents	Limitation Act 1980	12 Years
Requisitions for supplies/works		After external audit but a minimum of 18 months after the end of the financial year
Official Copy Orders		6 Years (See VAT Section)
Delivery Notes		6 Years (See VAT Section)

<u>Record</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Periodical Payments Register (dead cases)		3 Years
Paid Accounts/Purchase Invoices		6 Years
Paid Cheques including Giro cheques (presented)		After external audit but a minimum of 18 months after the end of the financial year
Costing Documents		
Stores prime records		
Haulage prime records		After external audit but a minimum of 18 months after the end of the financial year
Postage returns		After external audit but a minimum of 18 months after the end of the financial year
Inter-departmental account transfer		End of the financial year
Petty cash voucher		6 years
Detailed expenditure tabulations (final tabulations)		6 years
Year-end costing and financial tabulations		3 years
Rechargeable work job orders		3 years

PAYROLLS

<u>Record</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Timesheets including Bonus Sheet Car Allowance claims		After external audit but a minimum of 18 months after the end of the financial year

Other staff returns (e.g. overtime allowances)		After external audit but a minimum of 18 months after the end of the financial year
Payrolls (in whatever final form)		3 Years
P11 & P35 returns		3 Years
Individual pensioners files		Currency of record, 12 months after case has been cleared after death
Pensions payroll		3 Years
Superannuation		
Register of Contributors and Contributions	Local Government Superannuation Act	Indefinitely
Transfer Value documents		Indefinitely
Register of Pensioners		Indefinitely
Quinquennial Valuations - all papers and records		Indefinitely
Half-Year tabulations of employees superannuable pay and contributions		6 Years

OTHER ACCOUNTING RECORDS

<u>General Accounting Records</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Bank Pass-Book sheets		7 Years
Receivership Records		7 Years
Cashier's Collection & Deposit Book		7 Years
Cashier's Petty Cash		7 Years
Imprest Account		7 Years
Post-dated cheques register		7 Years
RD Cheques register		7 Years
Cheques (blank) register		7 Years
Unpaid wages book		7 Years
Deceased Persons Effects Register		Indefinitely
Records of patient's property handed in for safe custody- and property held under Section 48 - National Assistance Act 1948		6 Years after the end of the financial year in which the property was disposed

Investment Records	Relevant Statute	Minimum Period of Retention
Register of holdings		Indefinitely
Bought and sales notes when holdings disconnected	Limitation Act 1980	6 Years

<u>Loan Records</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Register of Bonds/Mortgages		Indefinitely
Copy Bond Certificates		6 Years after redemption of bond
Temporary Loans Register		After external audit but a minimum of 18 months after the end of the financial year

Insurance Records	Relevant Statute	Minimum Period of Retention
Register of Insurances		Indefinitely
Insurance Policies (discontinued)		Indefinitely

<u>Financial Administration Records</u>	<u>Relevant Statute</u>	<u>Minimum Period of Retention</u>
Controlled stationery register		Indefinitely

VAT RECORDS

All records relating to VAT (detailed below) VAT Act 1994: **6 Years**

Type of Record	<i>Detail</i>
Business and accounting records	<p>Orders and delivery notes</p> <p>Relevant Business correspondence Purchase and sales books</p> <p>Cash and other accounts books Purchase invoices and copy sales invoices</p> <p>Record of daily takings e.g. till rolls</p> <p>Annual Accounts</p> <p>Import and export documents</p> <p>Bank Statements and paying in slips</p> <p>A VAT account</p> <p>Any Credit or debit notes issued or received</p>

A VAT Account	An account summarising the totals of the output tax and input tax for each period.
Copies of all VAT invoices issued	A copy of all VAT invoices must be retained either on paper, computer or other media and should be readily available for inspection.
All VAT invoices received	A copy of all VAT invoices must be retained either on paper, or computer or other media and should be readily available for inspection.
Documentation relating to acquisition of goods from other EU countries	All documents must be retained either on paper, computer or other media and be readily available for inspection
Copy documentation relating to the transfer, dispatch or transportation of goods to or from EU countries.	All documents must be retained either on paper, computer or other media and be readily available for inspection, including documentary evidence of any goods leaving the UK.
Documents relating to imports and exports.	All documents must be retained either on paper, computer or other media and be readily available for inspection, including documentary evidence of any goods leaving the UK.
All credit notes, debit notes or other documents which evidence an increase or decrease in consideration that are received and copies of all such documents that are issued.	A copy of all credit notes, debit notes or other documents must be retained either on paper, computer or other media and should be readily available for inspection.
Any documents or certificates supporting special VAT treatment such as relief on supplies to visiting forces or zero-rating by certificate.	A copy of all documents or certificates must be retained either on paper, computer or other media and should be readily available for inspection.
Additional records as required by HMRC such as copies of self-billing invoice agreements	Any other additional records must be retained either on paper, computer or other

	media and should be readily available for inspection.
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Microfilming & Electronic Storage of Documents

23.6 Subject to normal audit procedures for microfilming of documents, the following points are relevant to retention of documents:

23.7 Sections 37 and 39 of the GLC (General Powers) Act 1969 empower the City of London Corporation to make microfilm records of their documents which, notwithstanding that the document may have been destroyed are receivable in evidence, if properly verified, in Court proceedings.

23.8 Any documents to be electronically scanned or microfilmed, for VAT purposes, must first be reported to the Chamberlain's Corporate Treasurer who will seek the permission of HMRC.

23.9 Any documents which have been microfilmed may, subject to the conditions set out in Sections (iii) below, be destroyed after formal closure of the audit for a financial year by the External Auditor. In certain situations, the audit may remain open for a longer period of time. If an audit remains open the authorities must seek approval of the external auditors for the disposal for any documents.

23.10 Instances when documents should be retained:

- (a) Records deposited under Section 4 of the Public Records Act 1958 are to be retained permanently.
- (b) Records deposited or acquired under Section 5 of the City of London (Various Powers) Act 1962 and Section 2 of the Local Government (Records) Act 1962, as amended by the London Government Act of 1963 and any relevant later Acts.
- (c) Documents which are or may be value for administrative, historical, sociological or research purposes should be retained.
- (d) Before documents are destroyed it is recommended that an Archivist be consulted for advice:
 - On the retention on a selective or sampling basis (say 1% to 2%) of a typical set of papers;
 - When doubts exist on documents which should be preserved as having an historical value not only because of their age, but the fact that current documents may from their content or nature have an historical value;
 - On the retention of microfilm after its use for administrative purposes has ceased or at the end of any statutory period for which it is required.

23.11 In general, any microfilm intended to be preserved should be original film and not a diazo copy. References to microfilm are equally applicable to microfiche.

SECTION 24. VERIFICATION OF CONTRACTORS AND CONSULTANTS FINAL ACCOUNTS

Verification of Contractors' and Consultants' Final Accounts

24.1 The verification procedures set out in (a) and (b) below will apply to final accounts for works contracts. In this context, references to risks relate to the matrix set out in the Project Procedure:

1. All Final accounts which exceed £50,000 in value will be subject to an independent verification check, undertaken by a suitably experienced officer within the relevant implementing department, regardless of whether the overall risk of the project has been assessed at some point as low, medium or high risk,
2. In addition, final accounts of £2,000,000 and above will also be subject to final account verification by the Chamberlain's Financial Services Division (FSD) where (i) the value is £2,000,000 to £10,000,000 and the overall risk of the project has been assessed at some point as "Medium" or "High", and (ii) the value exceeds £10,000,000 regardless of the risk assessment.

24.2 All final account documentation is to be made available before or with the submission of the final account, which is itself to be prepared in accordance with the contract conditions (e.g. within 3 or 6 months of practical completion) and immediately submitted for verification by the City of London. Where the final account has not been verified as correct in accordance with clauses 1.a and/or 1.b, the Final Payment Certificate/Invoice is not to be paid prior to approval of an outcome report (Gateway 6 report as set out in the Project Procedure) which informs Members of the position of the Final Account Verification.

24.3 The verification procedures set out in (a) and (b) below will apply to final fee accounts for consultants that exceed £50,000 in value. In this context, references to risks relate to the matrix set out in the Project Procedure:

1. Fee accounts associated with works contracts will be subject to an independent verification check, undertaken by a suitably experienced officer within the relevant implementing department, regardless of whether the overall risk of the project has been assessed at some point as low, medium or high risk,
2. Fee accounts shall also be submitted for verification by the FSD where the associated works contract final account requires verification by the FSD in accordance with the above regulations.

24.4 Where a consultant's remit includes preparation of final account documentation for the works contract, they shall not submit their final fee account for payment until the works contract final account has been verified as correct in accordance with clauses 1a. and/or 1b. above. A clause to this effect should have been inserted in the fee agreement.

Submission of Final Accounts to the Chamberlain's Financial Services Division for Verification

24.5 Project Management and Technical staff shall either prepare final accounts, or ensure that this is done by our consultant(s) and contractor(s) for all works contracts, in accordance with the time scales stipulated in the contract conditions, and then make this information

available in either digital or hard copy format to the appropriate Financial Services Head of Finance along with relevant supporting documentation in the form of Contract Instructions, Variation Orders, Site Meeting Minutes, Practical Completion Certificates, Extension of Time Certificates, Payment Certificates, Invoices, Day-Work Sheets, Priced Bills of Quantities, Specifications, etc.

24.6 Project Management and Technical staff shall prepare final fee accounts for all consultancy appointments, in accordance with the time scales stipulated in the contract conditions, and then make this information available in either digital or hard copy format to the appropriate Financial Services Head of Finance along with relevant supporting documentation

24.7 When all of the applicable documentation is available the “Originating” Officer in the technical department should email that the final account is ready for verification to the appropriate Financial Services Head of Finance. This is the Head of Finance who heads the unit responsible for providing financial support services to the client department for the project in question. For works contracts, attached to this email should be a completed copy of the Contractor’s Final Account Checklist form. This email should be copied to the Town Clerk’s Corporate Programme Team for information.

Committee(s)	Dated:
Finance Committee – For information	6 June 2023
Subject: Chamberlain’s Departmental Risk Management Update	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: Leah Woodlock, Chamberlain’s Department	

Summary

This report has been produced to provide the Finance Committee with an update on the risks the Chamberlain’s department faces.

There is currently one RED risk on the Corporate Risk Register within the responsibility of the Chamberlain and one RED risk on the Chamberlain’s departmental risk register.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. The Finance Committee has determined that it will receive the Chamberlain’s Risk Register at each meeting.

Current Position

This report provides an update on the current risks that exist in relation to the operations of the Chamberlain’s Department. The risk register has been reviewed and the details are reflected in the appendix of this report.

2. The **CHB 001 Chamberlain's department transformation and knowledge transfer** risk score remains at RED 16. The red rating is maintained due to the number of vacancies held within the Financial Services Division. It is anticipated that this strain will be sustained for a further six months.
3. A recruitment campaign is in place to recruit candidates for the vacant permanent roles. Key roles within the Financial Services Division structure have

been prioritised with the Assistant Director, Strategic Finance joining the team on 31 July 2023. Interviews for a number of roles have been scheduled to take place. A transformation workstream has been identified to commence reviewing and documenting processes to streamline the team.

4. The **CR38 Unsustainable Medium Term Finances - City's Cash** risk score remains at RED 16. In efforts to mitigate this risk, focus on the approach to budget setting for 2024/25 and beyond. To commence the process, Chief Officer Star Chambers are being held during May and June.
5. The Chief Officer Star Chambers are being led in partnership by the Financial Services Director and Chief Strategy Officer. The Star Chambers have been scheduled to review and understand current and forecast budget pressures, determine the requirement of capital funding over the medium term and how savings targets will be approached and achieved by each department/service.
6. The proposed budget-setting approach for the 2024/25 budget will be presented to the Resource Allocation Sub Committee Away Day on 22nd June 2023.
7. Details of CHB001, CR35 and CR38 can be found in Appendix 1.

Conclusion

8. 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 Register

Background Papers

Chamberlain's Departmental Risk Management Update Reports to Finance Committee.

Leah Woodlock

Chamberlain's Project Manager

Chamberlain's Department

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Appendix 1 - Departmental Risk Register

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

Generated on: 17 May 2023



Rows are sorted by Risk Score

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
Page 95 CHB 001 Chamberlain's department transformation and knowledge transfer 12-Nov-2021 Caroline Al-Beyerty	<p>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 have left the corporation by March 2022. The TOM is also creating anxiety which in turn could cause colleagues to find roles elsewhere.</p> <p>Event: Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future.</p> <p>Effect: Chamberlain's Department fails to deliver its objectives.</p>	 Likelihood Impact	16	Three of the four teams within Chamberlain's are now fully resourced and the CIO function commenced in January. A key risk remains within Financial Services Division- Recruitment is underway where vacancies have been held, with key roles being prioritised. Management is deploying temps and external expertise where there are significant gaps to support the current team until permanent positions are filled. There will be a significant strain for the next 6 months. 18 May 2023	 Likelihood Impact	4	31-Mar-2024	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001b	Colleagues are provided with the training they need to fulfil their role.	<p>Learning champions have been assigned to identified learning areas required. Learning plans are being developed by Learning Champions for review and sign off by the Learning Board.</p> <p>All Chamberlain's staff communications detailing the offering of the learning and development champions was circulated in March, with the first learning and development drop-in session was held at the end of March.</p> <p>Two introductory Power BI courses have been offered to staff in May, to respond to reporting and displaying data upskilling.</p> <p>Staff are being encouraged to attend available courses during Learning Week.</p>	Mark Jarvis	15-May-2023	31-Mar-2024
CHB001c	Chamberlain's TOM structure design and culture is fit for purpose.	A culture and values workshop was held in November for all staff to allow colleagues across Chamberlain's the opportunity to shape the departmental culture. An action plan was subsequently produced in response to the feedback provided and progress will be reported at the all staff call in June. The final part of the Chamberlain's Departmental Vision has been finalised as a result based on discussions held at the all staff event which includes the behaviours we want to see exhibited by colleagues across the team. This vision will be used within the corporate appraisal process to ensure a continuation of the golden thread. This information was shared with all colleagues at the March all staff call and has been shared on our Departmental intranet.	Anna Flashman	15-May-2023	31-Mar-2024
CHB001d	The corporate recruitment moratorium has lead to a significant number of vacancies being held across the department leaving gaps in capacity.	<p>Vacancies across Chamberlain's have now been filled with the exception of a number remaining in the Financial Services team A multiagency recruitment campaign took place during April to fill 5 critical vacancies, a total of 18 external and 1 internal applicants applied, interviews are underway scheduled over the next few weeks - It is an employee's market and inducements are being offered by other employers with higher rates and working from home flexibility. The previous round of recruitment was extremely challenging, with a long list of 29 candidates, 11 candidates were shortlisted. 6 candidates withdrawn their applications due to wanting to work from home full time. Market Forces Supplement (MFS) – has now been considered, an update was taken to this committee in April.</p> <p>Resignation of the Assistant Director and Chief Accountant positions moved the risk rating to red, placing a considerable amount of pressure on existing staff and adding further risk of not meeting key deadlines on statutory duties and transformation. Two interim Assistant Directors have been appointed to support business as usual and to focus on transformation work. The Permanent Assistant Director position has been successfully recruited to with a start date of 31 July, however since the appointment one of the interim Assistant Director's (which supported BAU) has left to take on another interim role. The Financial Services Director will not be</p>	Sonia Virdee	18-May-2023	31-Mar-2024

		<p>looking to make another appointment to bridge the three month gap and will share the duties between the other interim Assistant Director and herself. Recruitment to the Chief Accountant permanent position has been paused giving time to refocus on the current workloads and appoint into other vacant positions.</p> <p>A renewed focus is taking place on 'training our own' through a wider apprenticeship programme and graduate trainee recruitment.</p>			
CHB001e	<p>Following the resignation of the Assistant Director the team are now required to reprioritise to focus on core financial work including statutory deadlines, due to the capacity gap that this vacancy creates along with those already existing within the team.</p>	<p>A plan has been drawn up by the team to ensure most pressing work is covered, which will lead to some work being deprioritised in the interim and a possible shift in target completion dates.</p> <p>An update on FSD was taken to committee in April and will be provided to the Finance Committee on a quarterly basis.</p>	Sonia Virdee	15-May-2023	31-Mar-2024

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
CR38 Unsustainable Medium Term Finances - City's Cash 31-Oct-2022 Caroline Al-Beyerty	<p>Causes: High inflation –Office for Budget Responsibility forecasting peak in Autumn 2022 and although predicted to fall over the next two years, embedded increases. Construction inflation running at 5% for 2023/24. Contraction in key income streams and increase in bad debts following post pandemic change in working practices still continues into 2023.</p> <p>Event: Inability to contain financial pressures within year (2023/24) and deliver sustainable savings already baked in and/or increase income generation not realised requiring further draw down on Reserves. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified 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. Inability to deliver capital programme and major projects within affordability parameters. 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>		16	Refer CR35 for Price Index and inflation rates. The 5 year financial forecast was approved by Court of Common Council on 9th March, however the risk remains at red as City’s Cash is unable to levy taxes in the same way City Fund can – City’s Cash long term financial plan is running at a deficit which still needs to be addressed. 15 May 2023		8	31-Mar-2023	
							Reduce	Decreasing

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Impact of inflation <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	The five year financial plan was approved by Court of Common Council on 9 March: 2023/24 base budgets include 2% uplift plus increase in base to support July 2022 pay award. Mitigations approved by CoCo in March 2023 include: central contingencies held to support new pay pressures; carry forwards from 2022/23 underspends to support one-off pressures; transformation funding held centrally to support Resource Prioritisation Refresh workstreams	Sonia Virdee	15-May-2023	31-Mar-2024

		and the culture shift. Additional funding allocated to support the backlog of urgent Cyclical Works Programme. £3m contingency ringfenced for urgent health and safety works under capital programme.			
CR38b	Impact of construction inflation on capital programme: • Major projects • Business as usual capital programme Remain within the financial envelopes approved for major projects	Refer to CR35c.	Sonia Virdee	15-May-2023	31-Mar-2024
CR38e	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>	This is being monitored monthly, with action being taken to reduce spend where possible. Budget forecast for 22/23 included 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.	Phil Black; Sonia Virdee	15-May-2023	30-Jun-2024
CR38f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	The five year financial plan provides recommendations for one-off cost pressures and on-going pressures. An officer Star Chamber is being held over the next two months to review savings yet to be delivered during 2023/24 and will be presented to RASC sub away day.	Sonia Virdee	15-May-2023	31-Mar-2024

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 - City Fund 19-Jun-2020 Caroline Al-Beyerty	<p>Causes: High inflation – Office for Budget Responsibility forecasting peak reached Autumn 2022 and although predicted to fall over the next two years, embedded increases.</p> <p>Construction inflation running at 5% for 2023/24. Contraction in key income streams and increase in bad debts following post pandemic change in working practices still continues into 2023/24.</p> <p>Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile.</p> <p>Event: Inability to contain financial pressures within year (2023/24) and deliver sustainable savings already baked in and/or increase income generation to meet the Corporation’s forecast medium term financial deficit will not be realised. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified to meet this challenge are required, reserves are utilised and/or services stopped.</p> <p>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.</p> <p>Being unable to set a balanced budget which is a statutory requirement for City Fund.</p> <p>Inability to deliver capital programme and major projects within affordability parameters.</p> <p>Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance.</p> <p>Stakeholders experiencing reduced services and service closures.</p>		12	<p>Retail Price Index rose by 13.5% and Consumer Price Index rose by 10.1% in 12 months to March 2023. Inflation is predicted to fall 6.1% in 2023, however increases are feared to be embedded creating pressures on service/departmental 2023/24 budgets to make further savings.</p> <p>Construction inflation is forecast at 5% for 2023/24</p> <p>The Bank of England base rate rose to 4.5% in May 2023, and the MPC expect base rates to peak at around 4.75% in 2023 Q4.</p> <p>The risk has reduced, the medium term financial plan was approved by Court of Common Council on 9 March, which includes contingency measures to support 2023/24 pressures.</p> <p>15 May 2023</p>		8	31-Mar-2023	
							Reduce	Decreasing

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

CR35a	<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>2023/24 base budgets include 2% uplift plus increase in base to support July 2022 pay award.</p> <p>Mitigations approved by CoCo in March 2023 include: increase in Business Rate Premium; rise in core Council Tax and Adult Social Care; rise in HRA rents; central contingencies held to support new pay pressures; carry forwards from 2022/23 underspends to support one-off pressures; transformation funding held centrally to support Resource Prioritisation Refresh workstreams and the culture shift.</p> <p>Identified inflationary pressures are well within the contingencies held, in addition, interest rates are giving a welcome boost to City Fund finances.</p> <p>The £30m ringfenced reserves released to support the backlog of urgent Cyclical Works Programme.</p> <p>£3m contingency ringfenced for urgent health and safety works under capital programme.</p>	Sonia Virdee	15-May-2023	31-Mar-2024
CR35b	<ul style="list-style-type: none"> • Capital schemes forecast to exceed budget. • Review of HRA commissioned and due to report at the end of November 2022. • 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 projects have been completed. 	<p>Close monitoring of capital schemes is required during 2023/24. Regular reporting of capital forecasts is now planned into the forward plan.</p> <p>Review of HRA commissioned from Savills and Interim Report received at the end of November 2022, following member review and comments, final version now received and went to DCCS in March and will go to Finance in May. Housing are now looking at detailed options following up on the report, to come back to Committee for agreement in the autumn.</p> <p>Need to continue to monitor identified expenditure risks around recovery of leaseholder contributions following the decision not to allow the Appeal of the Great Arthur case.</p> <p>The latest five year financial projections show the revenue funding position remains precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges)</p>	Mark Jarvis; Paul Murtagh	15-May-2023	31-Mar-2024
CR35c	Remain within the financial envelopes approved for major projects	<p>For Major Projects – Capital Buildings Board monitors delivery within the revised budget envelopes. Monthly updates on the cash flow requirements on the major projects are provided to Policy and Resources Committee, Investment Board and Finance Committee to understand the investment/asset disposal strategy. Regular reporting on the major projects programmes will be presented to Capital Buildings Board, Finance Committee, and Policy and Resources Committee on a monthly basis and draw down requirements to the Investment Committee.</p> <p>The Chamberlain and City Surveyor have commenced exploratory work on developing partnering/investment options, to fund a proportion of the major projects and bring in 3rd party capital. Update will be presented at RASC away day.</p>	Sonia Virdee	15-May-2023	31-Mar-2024

CR35f	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 - £12m+ p.a. cumulative savings included in MTFP, including £4.6m savings for 23/24 onwards. There remains a continuing risk to sustaining the delivery of savings of this scale, alongside delivering against the National Officer Uplift programme. Increase in Business Rates Premium approved by CoCo in March 2023 helps mitigate future Police deficits.</p> <p>The medium term plan provides recommendations for one-off cost pressures and on-going pressures.</p> <p>An officer star chamber is being held over the next two months to review savings yet to be delivered during 2023/24 and will be presented to RASC away day.</p>	Alistair Cook; Sonia Virdee	15-May-2023	30-Jun-2023
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