



## Finance Committee

**Date:** TUESDAY, 18 JULY 2023

**Time:** 12.45 pm

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

**Members:**

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

**Enquiries:** Ben Dunleavy [ben.dunleavy@cityoflondon.gov.uk](mailto:ben.dunleavy@cityoflondon.gov.uk)

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Whilst we endeavour to livestream all of our public meetings, this is not always possible due to technical difficulties. In these instances, if possible, a recording will be uploaded following the end of the meeting.

**Ian Thomas CBE**  
**Town Clerk and Chief Executive**

# AGENDA

## Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the meeting held on 6 June 2023.

**For Decision**  
(Pages 7 - 12)

4. **FORWARD PLAN**

Report of the Chamberlain.

**For Information**  
(Pages 13 - 14)

5. **ACTION TRACKER**

Report of the Town Clerk.

**For Information**  
(Pages 15 - 16)

6. **UPDATE FROM THE OPERATIONAL PROPERTY & PROJECTS SUB-COMMITTEE HELD ON 3 JULY 2023**

**For Information**

7. **UPDATE ON BUDGET SETTING APPROACH 23/24**

The Chamberlain to be heard.

**For Information**  
(Pages 17 - 18)

8. **CAPITAL AND SUPPLEMENTARY REVENUE PROJECT OUTTURN 2022/23 FOR CITY FUND AND CITY'S CASH**

Report of the Chamberlain.

**For Information**  
(Pages 19 - 22)

9. **2022-23 PROVISIONAL OUTTURN**

Report of the Chamberlain.

**For Decision**  
(Pages 23 - 32)

10. **REVENUE OUTTURN REPORT 22/23**

Joint Report of the Chamberlain, the Chief Operating Officer, the Town Clerk and Chief Executive, the City Surveyor, the Remembrancer and the Director of Community and Children's Services.

**For Information**  
(Pages 33 - 46)

11. **CHAMBERLAIN'S BUSINESS PLAN 2022/23 END OF YEAR UPDATE**

Report of the Chamberlain.

**For Information**  
(Pages 47 - 62)

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

Report of the Chamberlain.

**For Information**  
(Pages 63 - 72)

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

Report of the Deputy Town Clerk.

**For Information**  
(Pages 73 - 76)

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

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

16. **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

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

To agree the non-public minutes of the meeting held on 6 June 2023.

**For Decision**  
(Pages 77 - 80)

18. **NON-PUBLIC UPDATE FROM THE OPERATIONAL PROPERTY & PROJECTS  
SUB-COMMITTEE HELD ON 3 JULY 2023**

**For Information**

19. **NON-PUBLIC ACTION TRACKER**

Report of the Town Clerk.

**For Information**  
(Pages 81 - 82)

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

Joint Report of the Chamberlain and the Chief Operating Officer.

**For Information**  
(Pages 83 - 92)

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

The Town Clerk to be heard.

**For Information**

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

23. **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, 6 June 2023

Minutes of the meeting held at Guildhall at 12.45 pm

### Present

#### Members:

Deputy Henry Colthurst (Chairman)	Steve Goodman OBE
Deputy Randall Anderson (Deputy Chairman)	Michael Hudson
Deputy Rehana Ameer	Alderman Robert Hughes-Penney
Shahnan Bakth	Elizabeth Anne King
Brendan Barns	Paul Martinelli
Emily Benn	Eamonn Mullally
James Bromiley-Davis	James Tumbridge
Alderman Professor Emma Edhem	Mark Wheatley
Alderman Sir Peter Estlin	Deputy Philip Woodhouse

#### Officers:

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

#### 1. APOLOGIES

Apologies for absence were received from Deputy Andrien Meyers, Deputy James Thomson, Deputy Christopher Hayward, Deputy Madush Gupta and Ben Murphy. Madush Gupta and Ben Murphy joined the meeting remotely.

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

There were no declarations of interest.

#### 3. MINUTES OF THE PREVIOUS MEETING

RESOLVED – That the public minutes and summary of the meeting held on 16<sup>th</sup> May be approved as an accurate record.

#### Matters arising

The Chairman advised of the following Chairman's nominations, made after the last meeting of the Committee:

- Madush Gupta – Communications Sub Committee
- Randall Anderson - Guildhall Club
- James Bromiley-Davis – Audit and Risk Management Committee

- Eammon Mulally – Digital Services Committee
- Nicholas Bensted Smith – Mayoralty and Shrieval Allowances

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

The Chamberlain advised that the update in respect of the Community Infrastructure Levy (CIL) could be removed, noting that the Committee would receive the proposed scope and timescale at the July Meeting. Members noted that the CIL Review will require a substantial amount of work, involving a public examination and extensive evidence.

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

The Sub Committee had met the previous day and there were no specific updates from the public part of the agenda.

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

The Committee considered a report of the Chamberlain which sought approval of the proposed work programme, for the 2023/24 financial year, and to the composition of the Efficiency and Performance Working Group. The Town Clerk would be writing to all Members after the meeting, to seek expressions of interest, noting that a couple of Members had indicated a willingness to serve.

During the discussion on the report, Members noted the Finance Committee's role in setting the financial envelope, to enable Policy and Resources Committee and the Resource Allocation Sub Committee to allocate funding. The Finance Committee also sets the affordability envelope, to drive savings and income growth, and the Chair stressed the importance of the Committee's role in reviewing spending. There was a suggestion in that future reports of this nature could be more succinct.

RESOLVED, that:

- The proposed work programme for the Efficiency and Performance Working Party be approved.
- 2. The terms of reference and composition of the Efficiency and Performance working party be approved as follows:
  - Chairman and Deputy Chairman of the Finance Committee
  - Chairman and Deputy Chairman of the Operational Property and Project Sub Committee
  - 4 Members of the Finance Committee, not 2 Members from Corporate Services and Digital Services Committee, as set out in the report.



**7. REVIEW OF THE FINANCE REGULATIONS**

The Committee considered a report of the Chamberlain in respect of a revision to the City Corporation's Financial Regulations. The Chamberlain explained that the ongoing reviews of projects and procurement would need to take place first, over the Summer of 2023. Members noted that the revisions set out in the report effectively 'tidy up' the officer delegations. The Chief Operating Officer added that the various interdependencies between the regulations would need to be future proofed. Members asked if future versions could show track changes, indicating where updates had been made.

Whilst the Chairman and Deputy Chairman supported the report, the Chairman stressed that this is strongly caveated by their expectation of significant efficiency improvements by the end of the financial year. The Chairman reiterated the Finance Committee's objective in making the whole City Corporation more efficient; by helping officers to fulfil their roles and giving Members confidence in financial controls. The Chamberlain advised that the Finance Regulations covered controls largely operated by officers; but that training in overall suite of financial procedures would be offered as part of the Member Development Programme.

RESOLVED, that :

1. The revised Financial Regulations be approved, as set out in the appendix to the report.
2. Authority be delegated to the Chamberlain to amend the regulations in respect of any changes that may need to be made as a result of the reviews of the Project Procedure and Procurement Code; and
3. The next review of the regulations will be undertaken early in 2024, to pick up any further changes required, with the outcome being reported to the Finance Committee in the Spring of 2024.

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

The Committee considered a report of the Chamberlain, which provided an update on the risks the Chamberlain's department faces.

RESOLVED, that – the report be noted.

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

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

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

A Member asked about the increase in service charges on the Barbican Estate, which had effectively doubled for a range of reasons, the most significant being the need to renew the lifts in the tower blocks. However, as it was now very unlikely that this work would be done within this financial year, the Chamberlain agreed to look at a revised estimate.

The Town Clerk stressed the importance of modernising the City Corporation's business processes, particularly in respect of calculating service charges. Members noted the ongoing review of the Barbican Estate Office, which is seeking to address this and similar issues. The outcome of the review would be reported back to this Committee in September, in terms of financial regularity and value for money, with the wider issues being reported to the relevant Committees.

The Chamberlain explained that, under the City Fund's Regulations, it is not possible to have a 'sinking fund'. Members were asked to be mindful of the age of the Barbican Estate and the implications in respect of service charges. The Chamberlain would be looking at the budgetary process and balancing charges with the new Executive Director and Housing Finance Team.

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

There were no urgent items.

12. **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.

<b>Item No.</b>	<b>Paragraphs in Schedule 12A</b>
13-20	3

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

**RESOLVED**, That – the non-public minutes of the meeting held on 16<sup>th</sup> May 2023 be approved.

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

The Committee noted the key discussions which had taken place during non-public session of the meeting of the Sub Committee held on 5<sup>th</sup> June 2023.

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

The Director of Financial Services was heard.

16. **KORN FERRY REVIEW OF PAY AWARD**  
The Committee considered and approved a report of the Chief Operating Officer
  17. **ARCHITECTS FRAMEWORK AWARD - CONTRACT AWARD**  
The Committee considered an approved a report of the Chief Operating Officer and the City Surveyor.
  18. **MINOR WORKS MEASURED TERM CONTRACTS - AWARD REPORT**  
The Committee considered an approved a report of the Chief Operating Officer and the City Surveyor.
  19. **BARBICAN RENEWAL - DESIGN DEVELOPMENT**  
The Committee considered an approved a report of the Chief Operating Officer and the City Surveyor.
  20. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**  
The Committee noted a non-public decision taken under delegated authority since the last meeting.
  21. **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.
22. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were no items of urgent business.

**The meeting ended at 1.55 pm**

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Chairman

**Contact Officer: [Julie.Mayer@cityoflondon.gov.uk](mailto:Julie.Mayer@cityoflondon.gov.uk)**

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## 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
<b>Budget Setting Process &amp; Medium-Term Financial Planning</b>			Update on Budget setting approach 23/24  Capital Funding Update 2022/23				Autumn Budget  Finance Committee's Estimate report  <b>Financial Strategy for Bow-wave of Cyclical Works</b>	2024/25 Annual Capital Bids	City Fund Budget Report and Medium-Term Financial Strategy  City Cash Budget report and Medium-Term Financial Strategy	
<b>Effective Financial Management Arrangements for The City Corporation</b>	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  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	Revenue Outturn report 22/23  Rental Income and Business Rate update Q1  Joint report - High-level Major Projects cashflow / MPO Dashboard	High-level Major Projects cashflow - update  Draft funding strategy to support Major Projects programmes  Outcome of the Barbican Estate Office Review (vfm)  Business Plan Q1 23/24	High-level Major Projects cashflow – update  Capital Projects – Forecasting  <b>CIL – Proposed Scope and Timeframe</b>	Q2 Budget monitoring  High-level Major Projects cashflow – update	High-level Major Projects cashflow – update  Capital Projects – Forecasting  Update on Use of Interims (Consultants)  Review of Financial Regulations – update	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 review  <b>Outcome of Finance Regulations Review</b>
<b>Financial Statements</b>				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				
<b>Finance Committee as a Service Committee</b>	Central Contingencies  Risk Management Update Report	Risk Management Update Report	Risk Management Update 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

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## FINANCE COMMITTEE – Action Tracker – July 2023

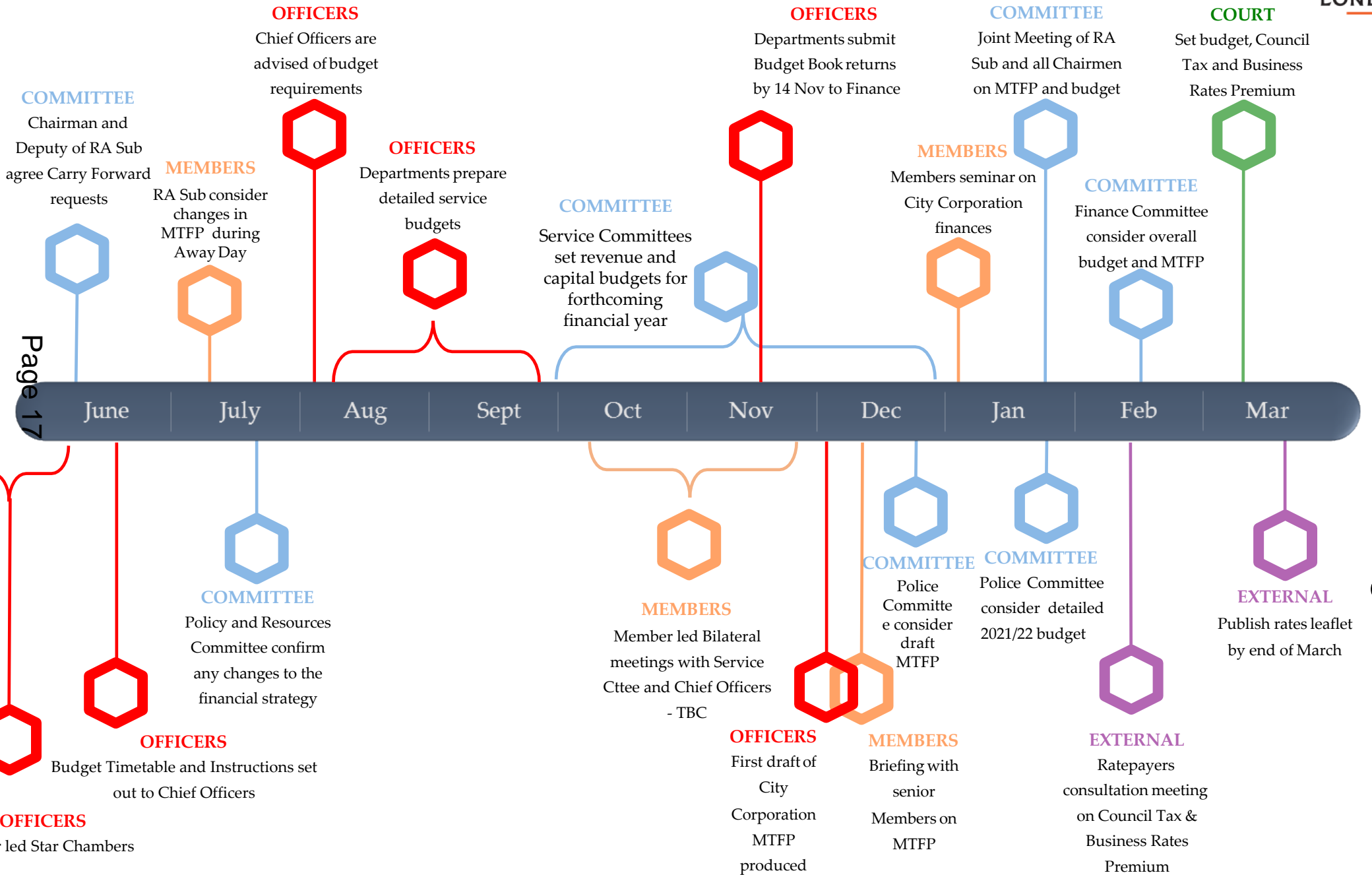
Items from meeting held 16 May 2023		
ITEM	Action	Officer and target date
<b>9. FINANCE COMMITTEE'S FORWARD PLAN</b>	<p>City's Cash statement of accounts - most likely be presented to the November Committee rather than September.</p> <p>Members noted that a budget timetable would be circulated to Chairmen after the RASC Away Day.</p>	<p>Chamberlain – November</p> <p>Director of Financial Services – following RASC Awayday</p>
<b>12. RISK MANAGEMENT UPDATE</b>	<p>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.</p> <p>Review of the CIL Rates. This is a substantial amount of work, involving a public examination and extensive evidence. On timeframes there are a number of key components:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Considering the merits of undertaking a CIL review in advance of the new Infrastructure Levy – or alternatively seeking to partake in the new Levy pilots</li> <li>• Resourcing considerations.</li> </ul> <p>The Committee to receive a report on the Markets Co-Location Programme, once the Project Governance Review has concluded.</p>	<p>Chamberlain</p> <p>Chamberlain - October</p>

## FINANCE COMMITTEE – Action Tracker – July 2023

Other items		
ITEM	Action	Officer and target date
<b>REVIEW OF THE FINANCIAL REGULATIONS</b>	The next review of the regulations will be undertaken early in 2024, to pick up any further changes required, with the outcome being reported to the Finance Committee in the Spring of 2024.	Chamberlain – Spring 2024
	Training in the new Regulations would be offered as part of the Member Development Programme.	Chamberlain – Spring 2024
<b>SERVICE CHARGES</b>	The Chamberlain to look at the budgetary process and balancing charges with the new Executive Director and Housing Finance Team.	Chamberlain
	Lift works - as it was now very unlikely that this work would be done within this financial year, the Chamberlain agreed to look at a revised estimate.	Chamberlain
	The outcome of the Barbican Estate Office Review to be reported back to this Committee in September, in terms of financial regularity and value for money,	Chamberlain - September



# Budget Setting Process Summary



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# Agenda Item 8

<b>Committee(s):</b> Finance Committee	<b>Dated:</b> 18/07/2023
<b>Subject:</b> Capital and Supplementary Revenue Project Outturn 2022/23 for City Fund and City's Cash	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	Capital and SRP projects impact across most areas of service delivery and property investment
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> <b>Chief Financial Officer and Chamberlain</b>	<b>For Information</b>
<b>Report author:</b> Keisha Thomas – Interim Group Accountant (Capital)	

## Summary

This report provides a summary of the 2022/23 outturn for Capital and Supplementary Revenue Projects (SRPs) for City Fund and City's Cash. In accordance with changes arising from the governance review, the Bridge House Estates figures have been excluded and will be reported direct to the Bridge House Board.

Actual capital and SRP expenditure in 2022/23 amounted to £284.8m comprising £114.2m and £170.6m across City Fund and City's Cash respectively, representing a combined net £131.6m less than the approved Capital Programme of £416.4m. The difference is largely due to delays in attaining planning permissions, grant payments, and some contract management challenges within the large schemes. Finance colleagues will work with project managers to ensure that an accurate profile of planned expenditure is reflected in the budget.

## Recommendation(s)

Members are asked to note the contents of this report.

## Main Report

### Background

1. In March each year, the Court of Common Council approves the Capital and SRP programmes as part of the annual budget setting process.
2. Chief Officers, in liaison with the Town Clerk's Programme Office, provide regular reports on the progress of individual schemes against milestones.
3. Capital expenditure generally results in an increase in asset values and typically relates to acquisitions/new build and enhancements, whereas supplementary revenue projects are one-off items which do not fulfil the capital criteria e.g. feasibility and option appraisal costs, major cyclical repairs and maintenance.
4. The Court of Common Council has delegated to the Chamberlain authority to determine the methods of financing capital and supplementary revenue project expenditure. In making such decisions consideration is taken of the strategic and tactical interests of the three funds.
5. The purpose of this report is to provide a summary of the 2022/23 actual expenditure for City Fund and City's Cash against the projects approved by the Court of Common Council in March and to set out the actual Prudential Indicators for the City Fund.
7. The total expenditure incurred in 2022/23 was £284.8m, a net £131.6m less than the approved Capital Program of £416.4m. A breakdown of expenditure analysed by fund is set out below:

Committee	City Fund Outturn £m	City's Cash Outturn £m	Total £m	March 2023 Approved Programme £m	Variance £m
Investment Property	2.2	88.7	<b>90.9</b>	116.5	25.6
Major Projects	58.4	66.5	<b>124.9</b>	164.9	40.0
Operational	53.6	15.4	<b>69.0</b>	135.0	66.0
<b>Total</b>	<b>114.2</b>	<b>170.6</b>	<b>284.8</b>	<b>416.4</b>	<b>131.6</b>

**Table 1:** Capital Expenditure Summary by fund

Source of Funding	City Fund Outturn £m	City's Cash Outturn £m	Total £m	March 2023 Approved Programme £m	Variance £m
Internal	42.9	145.1	188.0	292.2	104.2
External	71.3	25.5	96.8	124.2	27.4
<b>Total</b>	<b>114.2</b>	<b>170.6</b>	<b>284.8</b>	<b>416.4</b>	<b>131.6</b>

**Table 2:** Capital Financing Summary by fund

## CITY FUND

8. The provisional City Fund Capital outturn position against the final budget for each committee is shown in Table 3 below.

Committee	Budget £m	Outturn £m	Variance £m
Barbican Centre	2.9	4.0	(1.1)
Barbican Residential	2.5	1.8	0.7
Culture Heritage & Libraries	2.0	0.4	1.6
Investment	4.9	2.2	2.7
Open Spaces, City Gardens	0.4	-	0.4
Planning & Transportation	21.8	7.5	14.3
Policy & Resources	4.8	7.1	(2.3)
Port Health	4.9	3.5	1.4
Community Services	1.3	0.8	0.5
Housing Revenue Account	20.7	17.0	3.7
Education	-	0.3	(0.3)
Finance	3.5	2.7	0.8
Police	12.6	8.5	4.1
Major Projects	87.2	58.4	28.8
<b>Total</b>	<b>169.5</b>	<b>114.2</b>	<b>55.3</b>

**Table 3:** City Fund Capital Expenditure by Committee

### Key Variations

9. **Major Projects** outturn of £58.4m is a net £28.8m less than approved budget of £87.2m. This is primarily due to a short delay in the payment of the grant due to the Museum of London in March 2023 (subsequently paid in April 2023), and slippage in the Salisbury square project.
10. **Planning and Transport** spent £7.6m, a net £14.3m less than the estimated approved project budgets of £21.8m. This is due to a delays in attaining relevant planning permission due to several legal and stakeholder challenges, and residual impacts of Covid.
11. The **Housing Revenue Account** spent £17.0m during the year, a net underspend of £3.7m less than approved programme of £20.7m. Large projects such as Richard Cloudsley experienced contract exchange delays and planning issues, contributing to the slippage.
12. **Police** spent £8.5m - a net £4.1m less than the approved budget. This is due to the unused 'New Projects Provision' built into the budget.

## CITY'S CASH

13. The provisional City's Cash Capital outturn position against the final budget for each committee is shown in Table 4 below.

Committee	Budget £m	Outturn £m	Variance £m
Finance	15.7	3.2	12.5
GP Aldermen	0.2	0.1	0.1
Guildhall School of Music & Drama	0.5	1.3	(0.8)
Markets	0.5	0.6	(0.1)
Open Spaces	2.1	1.1	1.0
Policy & Resources	28.0	-	28.0
City of London School For Girls	9.6	7.5	2.1
City of London School	-	1.0	(1.0)
City of London Freeman's School	1.0	0.6	0.4
Investment Properties	111.6	88.7	22.9
Major Projects	77.7	66.5	11.2
<b>Total</b>	<b>246.9</b>	<b>170.6</b>	<b>76.3</b>

**Table 3:** City's Cash Capital Expenditure by Committee

### Key Variations

15. **Policy & Resources** spend is nil, against a budget of £28.0m. This is due to the planned payment of the first half of the £50m grant to Crossrail in 2022/23, now expected to be paid in 2023/24.
16. **Investment Properties'** underspend is £22.9m less than the approved budget of £111.6m, as the property purchase provision was not utilised in 2022/23.
17. **Major Projects** is underspent by a net £11.2m less than the approved budget of £77.7m. This is due to £11.9m being granted to City Fund for the Salisbury Square Development (Combined Courts element), rather than forecast of £20.9m. The remaining is due to be spent in subsequent years.
18. **Finance** reported a net underspend of £12.6m less than the approved programme. This is mainly due to unused provision for emergency bids and delays in a number Guildhall projects.

Strategic implications – None

Financial implications – As set out above

Resource implications – As set out above

Legal implications - None

Risk implications - None

Equalities implications – None

Climate implications - None

Security implications - None

### **Conclusion**

19. The 2022/23 position is subject to audit review so remains provisional until that process has been completed. The ~~audit~~ position will be presented to Finance Committee as part of the accounts sign off process.

<b>Committee(s):</b> Finance Committee – For Decision	<b>Dated:</b> 18/07/2023
<b>Subject: 2022-23 Provisional Outturn</b>	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	Applied to all outcomes
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of: Chief Financial Officer and Chamberlain</b>	<b>For Decision</b>
<b>Report author: Louise Said – Group Accountant Strategic Finance</b>	

## Summary

This paper provides a summary of the 2022/23 outturn position for City Fund and City’s Cash. Against the final budget for the year of £243.9m, a better than budget position of £36.5m was recorded, comprising £20.8m and £15.7m for City Fund and City’s Cash respectively. Detailed analysis of variances will be reported to service committees. This position has been achieved largely due to unused contingencies, slippage of Supplementary Revenue Projects (SRP) works and vacancies held due to the delays in transitioning to the new Target Operating Model (TOM) structure.

As included in Financial Regulations, Chief Officers can bid to carry forward funds into the following financial year, where their local risk budget is underspent. The Chamberlain, in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub-Committee (RASC), has agreed to carry forward £18m from City Fund and £10m from City’s Cash to fund delayed activity from 2022/23 due to various reasons; plus adding to contingency funds held with respect to inflationary pressures; and the rollover of unspent contingency balances held by Policy and Resources (P&R) and Finance Committees.

Financial Regulations also state that a deficit in a Chief Officer’s local risk budget should be carried forward and recovered in the following financial year. Several Chief Officers have overspent during the year largely linked to delays in implementing TOM changes. Reflecting on the likely pressure in the current year linked to the economic climate and the need to fully embed the TOM changes, it is recommended and endorsed by the Chamberlain in consultation with the Chairman and Deputy Chairman of RASC that the deficit carry forward provision be waived for 2022/23 with the exception of the following departments:

- 1) Remembrancer, who had an adverse outturn position of £44k. This was caused by increased hospitality costs for events. It is recommended the pricing model is reviewed and the overspend is carried forward and recovered from the 2023/24 Local risk budget.
- 2) City Surveyor, £219k overspend, relating to overspend on reactive maintenance to be carried forward and recovered from the 2023/24 Local risk budget.

This is subject to further scrutiny of these departments/service areas and routine monitoring throughout the year.

## Recommendation(s)

Members are asked to:

- Note the provisional outturn for the year ended 31 March 2023.
- Agree to waive the deficit carry forward provision for the Chief Executive and Town Clerk, City Surveyor (£0.4m) and The Executive Director of Community & Childrens Services.
- Note that the overspend incurred by the Remembrancer and City Surveyor totalling £0.044m and £0.219m respectively is carried forward for recovery from the 2023-24 budget.

## Main Report

### Background

1. This report summarises the 2022-23 provisional outturn position for City Fund and City's Cash. In March 2022, the Court of Common Council set an original budget across both funds of £226m. This budget was amended as part of the revised budget process and to reflect resource changes agreed by Court of Common Council. The final budget for the year is £243.9m.

### Current Position

2. Net expenditure for year against the final budget totalled £207.4m, resulting in a £36.5m better than budget position, or a 18% variance. The below table splits this variance between local risk (spend under Chief Officer control), central risk (spend outside Chief Officer control) and support services.

**Table 1: 2022/23 Outturn Summary by Fund**

2022/23 Final Budget v Outturn - By Fund						
Net Expenditure (Income)						
	Budget Net	Provisional Outturn	Variation (Better)/Worse			
	£m	£m	Total £m	Local Risk £m	Central Risk	Support Services £m
City Fund	172.5	152.2	(20.8)	(6.2)	(16.6)	2.0
City's Cash	71.4	55.7	(15.7)	(3.6)	(10.5)	(1.6)
<b>Total</b>	<b>243.9</b>	<b>207.9</b>	<b>(36.5)</b>	<b>(9.8)</b>	<b>(27.1)</b>	<b>0.4</b>

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



## CITY FUND

4. The year-end position against the final budget for each committee is shown below.

**Table 2: City Fund 2022-23 Outturn by Committee**

2022/23 Budget v Outturn - City Fund Summary by Committee						
Net Expenditure (Income)	Budget Net	Provisional Outturn	Variation (Better)/Worse			
			Total	Local Risk	Central Risk	Support Services
	£m	£m	£m	£m		£m
Barbican Centre	31.8	30.8	(1.0)	(2.0)	0.1	0.9
Barbican Residential	2.3	1.9	(0.4)	(0.3)	(0.2)	0.1
Community and Children's Services	15.2	18.2	3.0	0.7	1.8	0.5
Culture Heritage and Libraries	22.9	22.3	(0.6)	(1.3)	0.1	0.6
Finance	(1.5)	(28.8)	(27.3)	(0.8)	(21.4)	(5.1)
Licensing	0.3	0.3	0.0	0.0	0.0	0.0
Markets	(0.3)	(1.4)	(1.1)	0.1	(1.7)	0.5
Open Spaces	1.8	2.0	0.2	0.0	0.0	0.2
Planning and Transportation	14.7	15.9	1.2	(1.4)	0.9	1.7
Police	95.7	95.7	0.0	(1.1)	0.6	0.5
Police Authority Board	1.0	1.0	0.0	0.0	0.0	0.0
Policy and Resources	5.8	6.6	0.8	0.2	0.3	0.3
Port Health and Environmental Services	16.2	16.4	0.2	0.0	0.0	0.2
Property Investment Board	(33.4)	(29.2)	4.2	(0.3)	2.9	1.6
<b>City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.</b>	<b>172.5</b>	<b>152.2</b>	<b>(20.8)</b>	<b>(6.2)</b>	<b>(16.6)</b>	<b>2.0</b>

5. The key variations contribution to the £20.8m better than budget position are:
- Finance** – unused finance committee contingencies (£16.3m) have contributed to an underspend along with slippage in Supplementary Revenue Projects and a large rates refund of £1.6m for the Central Criminal Court.
  - Markets** –£1.77m additional income for backdated rent as a result of a rent review for period May 2020 to March 2023.
  - These surpluses were offset by a number of overspends including the ongoing pressures within Community & Children's Services in relation to child social care and unaccompanied asylum seekers. This has been flagged throughout the year as part of quarterly monitoring and additional resources agreed for 2023/24 to absorb these demand-led pressures. Rates expenditure was over and above budget on the investment properties due to empty rates relief on properties which are being redeveloped and include Fleet Street, 6 Broad Street Place and New Liverpool House. Other overspends were largely linked to delays in the implementations of TOM proposals and increased energy costs.

## CITY'S CASH

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

**Table 3: City's Cash 2022-23 Outturn by Committee**

2022/23 Budget v Outturn – City's Cash Summary by Committee						
Net Expenditure (Income)	Budget Net £m	Outturn £m	Variation (Better)/Worse			
			Total £m	Local Risk £m	Central Risk	Support Services £m
Culture, Heritage & Libraries	0.4	0.7	0.3	0.2	0.1	0.0
Education Board	3.2	3.2	0.0	0.0	0.0	0.0
Finance	54.2	38.3	(15.9)	(0.5)	(12.3)	(3.1)
G. P. Committee of Aldermen	3.9	4.4	0.5	0.6	(0.2)	0.1
Guildhall School of Music and Drama	14.6	16.1	1.5	1.1	0.0	0.4
Markets	1.1	0.4	(0.7)	(1.1)	0.2	0.2
Open Spaces :-						
Open Spaces Directorate	0.0	0.0	0.0	0.1	0.0	(0.1)
Epping Forest and Commons	7.7	7.8	0.1	0.0	0.0	0.1
Hampstead, Queen's Park and Highgate	6.5	6.1	(0.4)	(0.9)	0.3	0.2
Bunhill Fields	0.2	0.3	0.1	0.1	0.0	0.0
West Ham Park	1.2	1.2	0.0	0.0	0.0	0.0
Policy and Resources	22.2	18.9	(3.3)	0.0	(3.4)	0.1
Property Investment Board	(47.0)	(41.7)	5.3	0.6	4.5	0.2
Schools :-						
City of London School	1.7	(0.8)	(2.5)	(2.5)	(0.1)	0.1
City of London Freeman's School	0.5	(0.3)	(1.3)	(1.3)	0.4	0.1
City of London School for Girls	0.9	0.9	(0.1)	(0.1)	0.0	0.1
City of London Junior School	0.1	0.2	0.1	0.1	0.0	0.0
<b>Deficit (Surplus) from (to) reserves</b>	<b>71.4</b>	<b>55.7</b>	<b>(15.7)</b>	<b>(3.6)</b>	<b>(10.5)</b>	<b>(1.6)</b>

7. The key variations contributing to the £15.7m better than budget position are:
- Finance** - Slippage of SRP works (£2.9m), and unused central contingencies of £13.8m contributed to this favorable position.
  - Policy and Resources** - Unused P&R Contingencies of £1.7m, which will be carried forward into 2023-24 along with less than budgeted costs on supplies & services.
  - Property Investment Board** - Weaker rental receipts (£6.7m) largely due to rent free periods being negotiated during the year as part of lease negotiations and to retain existing tenants. Delays in achieving TOM savings contributed to the overspend position, which was partially offset by a reduction in bad debt provision linked to lower levels of debt.
8. It should be noted that the Police, all four City of London Schools and the Guildhall School of Music and Drama operate as ring-fenced funds and therefore any outturn variances are absorbed within their own reserve balances.
9. Financial regulations also delegates authority to the Chamberlain, in consultation with the Chairman and Deputy Chamberlain, to the Resource Allocation Sub Committee (RASC) to carry forward unspent funds into the following financial year where a

Chief Officer local risk budget is underspent. This consultation occurred on 30th June where agreement was reached to carry forward £18m and £10m in City Fund and City's Cash respectively. These funds will be used to carry out delayed activity from 2022/23 due to the pandemic, increase the contingency provisions held with respect to inflation in light of current projections, and rollover unspent contingency balances held by P&R and Finance Committee.

10. In addition to reporting by Committee, the position of each Chief Officer is reported and these are shown in appendix 1 with respect to the overall position of each fund by Chief Officer, and appendix 2 which reflect the outturn of each Chief Officer against their local risk budget, which is the element directly under their control.
11. Finance Regulations state that Chief Officer local risk overspends are to be carried forward and recovered in the following financial year (except where special provisions apply e.g. ring-fenced funds). This provision would apply to the Chief Executive and Town Clerk (£762k), City Surveyor (£567k), Executive Director Community and Children's Services (£205k) and the Remembrancer (£44k).
12. However, given the delays in implementing savings plans, the impacts of the pandemic and the challenging outlook ahead, the Chamberlain, in consultation with the Chair and Deputy Chairman of Resource Allocation Sub Committee, is recommending that these overspends, with the exception of the Remembrancer and City's Surveyors (proportion of overspend) are not carry forward, and those departments which have overspent are subject to additional review via the star chambers meeting and regular monitoring process to ensure that achievement of TOM and fundamental review savings are fully achieved in 2023/24. The Remembrancer is required to carry forward the overspend of £44k and the City Surveyor is required to carry forward a proportion of his overspend, totalling £219k to be recovered in 2023/24.
13. The 2022/23 position is subject to audit review so remains provisional until that process has been completed. The final position will be presented to Finance Committee as part of the accounts sign off process.

Strategic implications – None

Financial implications – As set out above

Resource implications – As set out above

Legal implications - None

Risk implications - None

Equalities implications – None

Climate implications - None

Security implications - None

## **Conclusion**

14. The provisional outturn for the year an underspend of £36.5m across both City Fund (£20.8m) and City's Cash (£15.7m) following a review by the Chamberlain, in consultation with the Chairman and Deputy Chairman of RASC, £27.7m will be

carried forward to fund delayed activity, roll forward unspent contingency balances and create further contingencies to manage inflationary pressures in the current year.

## **Appendices**

- Appendix 1 – 2022/23 Outturn by Chief Officer (all risks)
- Appendix 2 – 2022/23 Local Risk Outturn by Chief Officer

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Appendix 1 - 2022/23 Outturn by Chief Officer (all risks)

Original Budget £'000	Chief Officer Total Outturn	LAB Budget £'000	Final Budget £'000	Provisional Outturn £'000
	<b>City Fund</b>			
(7,003)	Chief Financial Officer and Chamberlain	5,361	7,718	33,155
(6,714)	Chief Executive and Town Clerk	(15,257)	(8,726)	(9,757)
528	Chief Operating Officer	465	442	1,529
22,269	City Surveyor (Including CWP)	21,933	20,143	20,706
(91,068)	Commissioner of Police	(92,856)	(95,677)	(95,677)
(21,044)	Executive Director Community and Children's Services excluding HRA	(20,572)	(20,994)	(23,505)
(29,280)	Executive Director Environment	(28,756)	(30,885)	(33,106)
(13,552)	Executive Director Innovation and Growth	(8,621)	(16,107)	(15,792)
(23,773)	Managing Director Barbican Centre	(25,899)	(28,435)	(29,203)
<b>(169,637)</b>	<b>Total City Fund</b>	<b>(164,202)</b>	<b>(172,521)</b>	<b>(151,650)</b>
	<b>City's Cash</b>			
(41,350)	Chief Financial Officer and Chamberlain	(46,149)	(44,557)	(24,106)
(8,902)	Chief Executive and Town Clerk	(11,000)	(13,670)	(16,527)
1,049	Chief Operating Officer	824	388	642
36,118	City Surveyor	35,363	33,274	30,296
(3,031)	Executive Director Community and Children's Services excluding HRA	(3,031)	(3,222)	(3,260)
(11,359)	Executive Director Environment	(12,628)	(12,888)	(12,940)
(6,804)	Executive Director Innovation and Growth	(6,804)	(6,857)	(6,867)
(11,335)	Principal Guildhall School of Music and Drama	(11,335)	(12,750)	(15,190)
(7,655)	Remembrancer	(7,692)	(7,952)	(7,761)
(1,321)	Head City of London Boys School	(1,739)	(1,739)	790
(510)	Head City of London Freeman's School	(494)	(510)	301
(990)	Head City of London School for Girls	(854)	(854)	(891)
(330)	Head City of London Junior School	(70)	(70)	(156)
<b>(56,420)</b>	<b>Total City's Cash</b>	<b>(65,609)</b>	<b>(71,407)</b>	<b>(55,669)</b>
	<b>Guildhall Admin</b>			
(23,626)	Chief Financial Officer and Chamberlain	(24,506)	(25,235)	(26,996)
(5,512)	Chief Executive and Town Clerk	(6,932)	(7,102)	(6,426)
(15,584)	Chief Operating Officer	(17,121)	(19,643)	(18,980)
(21,140)	City Surveyor	(21,303)	(23,303)	(23,568)
(1,024)	Comptroller and City Solicitor	(1,024)	(1,150)	(1,263)
-	Remembrancer	-	-	-
<b>(66,886)</b>	<b>Total Guildhall Administration</b>	<b>(70,886)</b>	<b>(76,433)</b>	<b>(77,233)</b>
66,886	Reapportionment of Guildhall Admin (Recharges)	70,886	76,433	77,233
<b>(226,057)</b>	<b>Grand Totals</b>	<b>(229,811)</b>	<b>(243,928)</b>	<b>(207,319)</b>

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## Appendix 2 - 2022/23 Local Risk Outturn by Chief Officer

Original Budget £'000	Chief Officer Cash Limited Budgets (excluding cyclical works programme)	Final Budget £'000	Provisional Outturn £'000	Variance Under/(Over)spend £'000
	<b>City Fund</b>			
(1,462)	Chief Financial Officer and Chamberlain	(1,685)	(1,171)	514
(5,972)	Chief Executive and Town Clerk	(7,756)	(7,639)	117
(65)	Chief Operating Officer	(88)	(255)	(167)
(4,751)	City Surveyor	(4,941)	(4,974)	(33)
(13,723)	Executive Director Community and Children's Services excluding HRA	(13,666)	(13,852)	(186)
(19,215)	Executive Director Environment	(22,658)	(22,006)	652
(6,974)	Executive Director Innovation and Growth	(9,387)	(8,587)	800
(15,102)	Managing Director Barbican Centre	(18,991)	(18,749)	242
<b>(67,264)</b>	<b>Total City Fund (excluding Police)</b>	<b>(79,172)</b>	<b>(77,233)</b>	<b>1,939</b>
	<b>City's Cash</b>			
(68)	Chief Financial Officer and Chamberlain	(109)	(80)	29
(3,229)	Chief Executive and Town Clerk	(3,410)	(4,215)	(805)
(1,248)	Chief Operating Officer	(1,622)	(890)	732
(14,209)	City Surveyor	(14,605)	(15,401)	(796)
(789)	Executive Director Community and Children's Services excluding HRA	(805)	(824)	(19)
(10,259)	Executive Director Environment	(10,230)	(9,661)	569
(7,136)	Principal Guildhall School of Music and Drama	(8,551)	(10,620)	(2,069)
(1,393)	Remembrancer	(1,435)	(1,499)	(64)
(699)	Head City of London Boys School	(1,003)	1,486	2,489
1,090	Head City of London Freeman's School	1,089	2,421	1,332
(498)	Head City of London School for Girls	(365)	(284)	81
(330)	Head City of London Junior School	(70)	(160)	(90)
<b>(38,768)</b>	<b>Total City's Cash</b>	<b>(41,116)</b>	<b>(39,727)</b>	<b>1,389</b>
	<b>Guildhall Admin</b>			
(7,546)	Chief Financial Officer and Chamberlain	(8,499)	(8,890)	(391)
(3,391)	Chief Executive and Town Clerk	(4,205)	(4,279)	(74)
(12,774)	Chief Operating Officer	(14,418)	(14,647)	(229)
(7,774)	City Surveyor	(9,329)	(9,067)	262
(733)	Comptroller and City Solicitor	(859)	(731)	128
433	Remembrancer	392	412	20
<b>(31,785)</b>	<b>Total Guildhall Administration</b>	<b>(36,918)</b>	<b>(37,202)</b>	<b>(284)</b>
<b>(137,817)</b>	<b>Grand Totals (excluding Police)</b>	<b>(157,206)</b>	<b>(154,162)</b>	<b>3,044</b>
(87,490)	Commissioner of Police	(92,086)	(90,946)	1,140
<b>(225,307)</b>	<b>Grand Totals</b>	<b>(249,292)</b>	<b>(245,108)</b>	<b>4,184</b>

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<b>Committee</b>	<b>Dated:</b> 18th July 2023
Finance Committee	
<b>Subject:</b> Revenue Outturn 2022/23 – Finance Committee Operational Services	<b>Public</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N/A</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> The Chamberlain The Chief Operating Officer The Town Clerk The City Surveyor The Remembrancer Director of Community and Children’s Services	<b>For Information</b>
<b>Report author:</b> John James, Head of Finance, Chamberlain’s Department Dawit Araya, Finance Business Partner, Chamberlain’s Department	

### Summary

This report compares the revenue outturn for the services overseen by your Committee in 2022/23 with the final budget for the year. It also details the carry forward requests which have now been approved.

Overall total net expenditure on the operational services overseen by your committee was £54.5m, representing an underspend of £1.3m compared to the final budget of £55.8m as set out in the table below.

<b>Summary comparison of 2022-23 Revenue Outturn with Final Budget</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variation Better / (Worse) £000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Direct Net Expenditure</b>				
The Chamberlain	(23,136)	(25,033)	(25,714)	(681)
The Chief Operating Officer	(1,694)	(1,869)	(1,897)	(28)
The Town Clerk	(2,572)	(2,663)	(2,469)	194
The City Surveyor	(14,337)	(16,459)	(14,355)	2,104
The City Surveyor CWP	(2,250)	(2,421)	(2,414)	7
The Remembrancer	247	199	59	(140)
Director of Community and Children's Services	(59)	(59)	(80)	(21)
<b>Total Direct Net Expenditure</b>	<b>(43,801)</b>	<b>(48,305)</b>	<b>(46,870)</b>	<b>1,435</b>
<b>Capital and Support Services</b>	<b>(7,367)</b>	<b>(7,459)</b>	<b>(7,600)</b>	<b>(141)</b>
<b>Total Net Expenditure</b>	<b>(51,168)</b>	<b>(55,764)</b>	<b>(54,470)</b>	<b>1,294</b>

Expenditure and unfavourable variances are presented in brackets.

The 2022/23 final budget totals net expenditure of £55.8m, which is an increase of £4.6m (9%), compared with the original budget of £51.2m. The increase is analysed at Appendix 1, which shows the main variations relate to £2.439m for pay award, energy and contract inflation and other minor adjustments, £1.141m for carry-forwards from 2021/22 and drawdowns in year from contingency, £290,000 for pension strain funding and £726,000 due to inclusion of Supplementary Revenue Projects and changes in timing of the cyclical works programme.

The overall outturn underspend of £1.3m comprises variations across several services which are detailed in paragraphs 2 to 5 in this report. The main variations are:

- Chamberlain's increased net expenditure of £681,000– Although underspent on local risk an increase in insurance costs operational and other properties that are not recoverable from tenants, mainly due to inflation, held under central risk has meant the Chamberlain is overspent overall.
- Town Clerk – £194,000 reduced net expenditure due to slippage of cyclical repairs and maintenance works schemes at Mansion House.
- City Surveyor - decreased net expenditure of £2.104m – mainly due to a significant one -off business rate refund at the Central Criminal Court.
- Remembrancer- increased net expenditure of £140,000 due to fewer events than anticipated generating less income.

Carry forward amounting to £152,000 on local risk and £411,000 on central risk have been requested, and was agreed on 30 June. These are detailed at Appendix 2. Both of these relate to the Chamberlain's department. It should be noted that the central risk carry-forwards are being funded from underspending not covered by this report.

Appendix 3 provides a detailed comparison of the local risk outturn against the final budget for each Chief Officer broken down by Division of Service and includes explanations of significant variations as does Appendix 4 for central risk outturn.

### Recommendations

Members are asked to note the:

- revenue outturn for 2022/23 showing an overall favourable variance to final budget of £1.3m; and
- carry forwards proposed of £152,000 on local risk budgets and £411,000 on central risk budgets to 2023/24.

## Main Report

### Budget Position for 2022/23

1. The 2022/23 original budget for the services overseen by your committee was £51.2m. This has subsequently been increased to a final budget of £55.8m. The increase of £4.6m is summarised below and by Chief Officer at Appendix 1.

Summary of Movements from 2022/23 Original Budget to 2022/23 Final Budget	Net £000
<b>Original Budget 2022/23</b>	<b>(51,168)</b>
Net movements including pay award, energy & contract inflation, apprentice funding and other minor changes	(2,439)
Carry Forwards 2021-22 to 2022-23	(843)
Supplementary Revenue Projects and budget adjustments following TOM restructure	(514)
Contingency Allocations	(298)
Net movement in pension strain budget	(290)
Changes in the timing of cyclical repairs and maintenance works programme	(212)
<b>Final Budget 2022/23</b>	<b>(55,764)</b>

Expenditure and unfavourable variances are presented in brackets.

### Revenue Outturn for 2022/23

2. Actual net expenditure for the operational services overseen by your Committee totalled £54.5m, a favourable variance of £1.3m compared to the final budget of £55.8m. A summary comparison with the final budget is shown below.

Summary comparison of 2022-23 Revenue Outturn with Final Budget				Notes at para
	Final Budget £000	Revenue Outturn £000	Variation Better / (Worse) £000	
<b>Local Risk</b>				
The Chamberlain	(10,292)	(10,121)	171	3 i
The Chief Operating Officer	(1,770)	(1,952)	(182)	3 ii
The Town Clerk	(2,083)	(1,691)	392	3 iii
The City Surveyor	(10,803)	(10,608)	195	3 iv
The City Surveyor CWP	(2,421)	(2,414)	7	
The Remembrancer	392	412	20	
<b>Total Local Risk</b>	<b>(26,977)</b>	<b>(26,374)</b>	<b>603</b>	
<b>Central Risk</b>				
The Chamberlain	(14,741)	(15,593)	(852)	4 i
The Chief Operating Officer	(99)	55	154	4 ii
The Town Clerk	(580)	(778)	(198)	4 iii
The City Surveyor	(5,656)	(3,747)	1,909	4 iv
The Remembrancer	(193)	(353)	(160)	4 v
Director of Community and Children's Services	(59)	(80)	(21)	
<b>Total Central Risk</b>	<b>(21,328)</b>	<b>(20,496)</b>	<b>832</b>	
<b>Capital and Support Services</b>	<b>(7,459)</b>	<b>(7,600)</b>	<b>(141)</b>	
<b>Committee Total</b>	<b>(55,764)</b>	<b>(54,470)</b>	<b>1,294</b>	

Expenditure and unfavourable variances are presented in brackets.

3. The main local risk variations by chief officer comprise:

- i. **Chamberlain's General £171,000 underspend** - comprises an underspending on Cost of Collection of £514,000 due to additional grant income, savings of £99,000 on internal audit due to staff turnover and reduced professional fees requirement and additional income of £48,000 on Chamberlain's Court from additional Freedom fees. This was offset in part by additional staff costs of £452,000 to support corporate initiatives and data cleansing in anticipation of the new ERP project and £38,000 for legal advice.
- ii. **Chief Operating Officer £182,000 overspend** – principally due to £114,000 overspending on Commercial team mainly due to an income shortfall arising from too ambitious Fundamental Review income targets not being achievable. There was also a £68,000 overspend on the COO office due to a planned additional post. Both overspendings were funded by savings on COO budgets held under other committees.

- iii. **Town Clerk £392,000 underspend** - is largely due to savings of £532,000 at Mansion House mainly due to cyclical works which have been slipped to 2023/24. This has in part been offset by an overspending on Shrieval of £61,000 due to an additional post added to support Sheriff's activities and an overspending on Corporate Services of £79,000 due to additional, print, fees furniture and equipment.
- iv. **City Surveyor £195,000 underspend** – Mainly due to reduced repairs and maintenance spend at the Central Criminal Court of £427,000 due to slippage which more than offset the operational deficit of £117,000. This saving was offset in part by minor overspendings at Guildhall, Walbrook Wharf and Mayor's Court.

An analysis of local risk variances by division of service is shown at Appendix 3

4. The main central risk variations by chief officer comprise:

- i. **Chamberlain £852,000 overspend** – Principally due to an overspending on insurance premiums not recoverable from tenants of £1.158m due to changes in declared values as a result construction inflation and changes in the property portfolio and to net additional bank charges of £111,000 arising from the volume of Worldpay transactions. This has been offset in part by £382,000 underspending on Cost of Collection mainly due to additional income principally for the 2022/23 national non-domestic rates cost of collection allowance.
- ii. **Chief Operating Officer £154,000 underspend** – Underspending principally due to reduced professional fees spend due to slippage of review of procurement procedures which is now taking place in 2023/24
- iii. **Town Clerk £198,000 overspend** - This overspend relates to additional spend on transport, equipment, expenses and catering as the volume of meetings returns to pre-pandemic levels.
- iv. **City Surveyor Central Criminal Court £1,909,000 underspend** – largely due to a significant business rate rebate as a result of a successful appeal.
- v. **Remembrancer £160,000 overspend** - This overspend is mainly due to a shortfall in event income. As a result of fewer commercial events taking place in the year the income target was not achieved. Going forward it is hoped to return to pre-pandemic levels.

An analysis of central risk variances by division of service is shown at Appendix 4

#### **Carry Forwards to 2023/24**

- 5. Total agreed carry forward is £563,000, of which £152,000 relate to local risk for the Chamberlain and £411,000 relate to central risk. Details of the carry forwards are set out in Appendix 2. The carry-forward for £411,000 is being met from savings not covered by this report.

## **Year-end position and financial pressure in 2023/24**

6. Looking forward to 2023/24 departments need to ensure that permanent savings are identified for any remaining unidentified savings arising from savings exercise to ensure these savings are embedded. As we have now moved back to a level of pre-pandemic activity, focus should be to ensure that expenditure budgets reflect this higher level of activity and that corresponding income is being maximised to fund this higher level of spend.

### **Appendices:**

Appendix 1 – Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget

Appendix 2 – Agreed Carry Forwards to 2023/24

Appendix 3 – Comparison of 2022/23 Revenue Outturn with the Final Budget and commentaries for Local Risk

Appendix 4 – Comparison on 2022/23 Revenue Outturn with the Final Budget and commentaries for Central Risk

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**Finance Committee Operational Services**  
**Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget**

Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget	
<b>Local Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Local Risk Budget (Chamberlain)</b>	<b>(9,051)</b>
July 22 Pay Award, apprentice funding and salary budget to City Surveyor for Horizon property management system	(539)
Carry Forwards 2021-22 to 2022-23 - Transformation Fund & Cost of Collection Transformation	(513)
Director of Community and Children's Services Housing benefit budget transfer to Cost of Collection	(170)
Contingency Allocation for Chamberlains Bid for supporting Finance resource	(110)
Internal Audit budget adjustment following TOM restructure	91
<b>Final Local Risk Budget (Chamberlain)</b>	<b>(10,292)</b>
<b>Original Local Risk Budget (COO)</b>	<b>(1,694)</b>
July 22 Pay Award	(76)
<b>Final Local Risk Budget (COO)</b>	<b>(1,770)</b>
<b>Original Local Risk Budget (Town Clerk)</b>	<b>(2,002)</b>
Increase in Surveyor's Repairs & Maintenance, Cleaning & Security budget	(41)
Mansion House Cleaning Contribution Jan-Mar 2023	4
July 22 Pay Award	(14)
Security Upgrades to Mansion House	(30)
<b>Final Local Risk Budget (Town Clerk)</b>	<b>(2,083)</b>
<b>Original Local Risk Budget City Surveyor</b>	<b>(11,302)</b>
July 22 Pay Award, Energy & Contract inflation budget uplift	(1,645)
Increase in Surveyor's Repairs & Maintenance budget	(171)
COVID fund contingency allocation for 65a Basinghall Street	(90)
Budget transfer from Mansion House to Central Criminal Court following TOM restructure	(16)
<b>Final Local Risk Budget City Surveyor</b>	<b>(13,224)</b>
<b>Original Local Risk Budget (Remembrancer)</b>	<b>433</b>
July 22 Pay Award	(41)
<b>Final Local Risk Budget (Remembrancer)</b>	<b>392</b>
<b>Total Local Risk Final Budget</b>	<b>(26,977)</b>

Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget (continued overleaf)

<b>Central Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Central Risk Budget (Chamberlain)</b>	<b>(14,085)</b>
Pension Strain Budget	(246)
Carry Forwards 2021-22 to 2022-23 - Income Management system & Midland Payroll system	(214)
Redundancy costs	(98)
Contingency allocation to fund the Charities Review for Open Spaces	(98)
<b>Final Central Risk Budget (Chamberlain)</b>	<b>(14,741)</b>
<b>Original Central Risk Budget (COO)</b>	<b>0</b>
Carry Forwards 2021-22 to 2022-23 - Transformation Fund	(99)
<b>Original Central Risk Budget (COO)</b>	<b>(99)</b>
<b>Original Central Risk Budget (Town Clerk)</b>	<b>(570)</b>
Carry Forwards 2021-22 to 2022-23 - RASC Away Day	(10)
<b>Final Central Risk Budget (Town Clerk)</b>	<b>(580)</b>
<b>Original Central Risk Budget (City Surveyor)</b>	<b>(5,285)</b>
Increase in Supplementary Revenue Projects	(327)
Pension Strain Budget	(44)
<b>Final Central Risk Budget (City Surveyor)</b>	<b>(5,656)</b>
<b>Original Central Risk Budget (Remembrancer)</b>	<b>(186)</b>
Carry Forwards 2021-22 to 2022-23 - Barbican Residential Committee Dinner	(7)
<b>Final Central Risk Budget (Remembrancer)</b>	<b>(193)</b>
<b>Original Central Risk Budget (Director of Community and Children's Services)</b>	<b>(59)</b>
<b>Final Central Risk Budget (Director of Community and Children's Services)</b>	<b>(59)</b>
<b>Total Central Risk Final Budget</b>	<b>(21,328)</b>
<b>Original Capital and Support Services Budget</b>	<b>(7,367)</b>
Net movement in central recharges	(92)
<b>Final Capital and Support Services Budget</b>	<b>(7,459)</b>
<b>TOTAL 2022/23 ORIGINAL BUDGET</b>	<b>(51,168)</b>
<b>MOVEMENT</b>	<b>(4,596)</b>
<b>TOTAL 2022/23 FINAL BUDGET</b>	<b>(55,764)</b>

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



**Finance Committee Operational Services Agreed Carry Forwards to 2023/24**

<b>Local Risk Carry Forwards by Chief Officer</b>	<b>£000</b>
<p><u>The Chamberlain</u></p> <p>Delays in implementing Horizon and Income Manager systems has pushed out the testing of systems into 2023/24, these works were scheduled to be carried out during 2022/23 by the transactional and oracle teams - now pushed out to July 2023 and September 2023 respectively. Underspend requested to support this work as the department cannot continue to cover additional pressures over and above BAU - highlighted under Chamberlain's department risk register - red rating. Chamberlain's department is going through significant changes with systems (income generation, horizon and ERP), this requires a huge amount of work over and above BAU - data cleansing, embedding new ways of working, procedure notes, and significant testing.</p>	152
<b>Total Chamberlain (Local Risk)</b>	152
<b>Total Local Risk Carry Forwards</b>	<b>152</b>
<p><b>Central Risk Carry Forwards</b></p> <p><u>The Chamberlain</u></p> <p>Financial Services Division business case (presented to Finance Committee in April 2023) – Town Clerk and Chief Operating Officer supported the approval of temporary funding (from 2022/23 central contingency underspend to be carried forward) to support additional costs incurred from employing interim appointments into key positions, until vacant positions are permanently filled £0.411m (net funding required). Approved under the carry forward process in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub Committee.</p> <p>Note this is to be met from the 2022/23 central contingency underspend, not the operational budgets covered by this report</p>	<p><b>£000</b></p> <p>411</p>
<b>Total Chamberlain (Central Risk)</b>	<b>411</b>
<b>Total Central Risk Carry Forwards</b>	<b>411</b>
<b>TOTAL APPROVED CARRY FORWARDS</b>	<b>563</b>

**Finance Committee Operational Services Comparison of 2022/23 Revenue  
Outturn with Final Budget for Local Risk**

<b>Comparison of 2022-23 Revenue Outturn with Final Budget - Local Risk</b>				
<b>Local Risk</b>	<b>Final Budget £000</b>	<b>Revenue Outturn £000</b>	<b>Variation Better / (Worse) £000</b>	<b>Notes</b>
<b>By Chief Officer</b>				
<b>Local Risk</b>				
The Chamberlain	(10,292)	(10,121)	171	
The Chief Operating Officer	(1,770)	(1,952)	(182)	
The Town Clerk	(2,083)	(1,691)	392	
The City Surveyor	(10,803)	(10,608)	195	
The City Surveyor CWP	(2,421)	(2,414)	7	
The Remembrancer	392	412	20	
Director of Community and Children's Services	0	0	0	
<b>Total Local Risk</b>	<b>(26,977)</b>	<b>(26,374)</b>	<b>603</b>	
<b>By Division of Service</b>				
Chamberlain's - General	(7,241)	(7,693)	(452)	i
Chamberlain's - Internal Audit	(577)	(478)	99	ii
Chamberlain's - Business Support	(681)	(719)	(38)	iii
Chief Operating Officer- City Procurement	(1,479)	(1,593)	(114)	iv
Chief Operating Officer	(291)	(359)	(68)	v
Chamberlain's Court	(108)	(60)	48	vi
Cost of Collection	(1,685)	(1,171)	514	vii
Corporate Services - Town Clerk	(33)	(112)	(79)	viii
Central Criminal Court	(1,495)	(1,185)	310	ix
Shrieval Support	(282)	(343)	(61)	x
Mansion House Premises	(1,768)	(1,236)	532	xi
Mayor's Court	(40)	(76)	(36)	
Walbrook Wharf	(1,117)	(1,147)	(30)	
Guildhall Complex - City Surveyor	(10,572)	(10,614)	(42)	
Guildhall Complex - Remembrancer	392	412	20	
<b>Division of Service Totals</b>	<b>(26,977)</b>	<b>(26,374)</b>	<b>603</b>	

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

The local risk favourable variance of £603,000 against the final budget principally comprises of:

- i. **Chamberlain's General £452,000 overspend** – largely relates to additional staff costs to support corporate initiatives and data cleansing in anticipation of the new ERP project.
- ii. **Chamberlain's Internal Audit £99,000 underspend** – largely relates to savings from holding vacant posts and a reduction spend for fees and services provided by a third-party partner provider.
- iii. **Chamberlain's Business Support £38,000 overspend** – largely relates to the increase in legal costs recharges.
- iv. **Chamberlain's Court £48,000 underspend** - Underspend relates to increased income from Freedom ceremonies as the level of activity returns to pre pandemic levels.
- v. **Cost of Collection £514,000 underspend** – principally due to additional income of £299,000 in New Burdens Grant Funding for administering the Covid Business Support Grants plus £129,000 from NNDR and Council Tax legal costs being recovered. Further savings on salaries, due to staff vacancies and additional recovery of costs from third parties largely offset by additional costs for offsite processing of NNDR and residual unidentified savings relating to the implementation of the ERP.
- vi. **Chief Operating Officer £68,000 overspend** – principally due to additional unbudgeted post funded from savings on other committees.
- vii. **Chief Operating Officer City Procurement £114,000 overspend** – Reduced income due to Fundamental Review targets not being met in part offset by savings on staff salaries due to turnover – to be addressed under Income Generation targets.
- viii. **Town Clerk Corporate Services £79,000 overspend** – principally due to expenditure on furniture on equipment higher than anticipated.
- ix. **City Surveyor Central Criminal Court £310,000 underspend** – Mainly due to reduced repairs and maintenance spend of £427,000 due to slippage which more than offset the net overspending of £117,000 on salary, energy and other costs.
- x. **Town Clerk Shrieval Support £61,000 overspending** – Largely due to an additional post added under the ToM to support sheriffs' activities.
- xi. **Town Clerk Mansion House Premises £532,000 underspend** – is largely due to savings on cyclical works much of which have been slipped to 2023/24 so can be delivered with other projects to minimise disruption in part offset by increased security costs.

**Finance Committee Operational Services Comparison of 2022/23 Revenue  
Outturn with Final Budget for Central Risk**

<b>Comparison of 2022-23 Revenue Outturn with Final Budget - Central Risk</b>				
<b>Central Risk</b>	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variation Better / (Worse)</b>	<b>Notes</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>By Chief Officer</b>				
<b>Central Risk</b>				
The Chamberlain	(14,741)	(15,593)	(852)	
The Chief Operating Officer	(99)	55	154	
The Town Clerk	(580)	(778)	(198)	
The City Surveyor	(5,656)	(3,747)	1,909	
The Remembrancer	(193)	(353)	(160)	
Director of Community and Children's Services	(59)	(80)	(21)	
<b>Total Central Risk</b>	<b>(21,328)</b>	<b>(20,496)</b>	<b>832</b>	
<b>By Division of Service</b>				
Chamberlain's - General	(15,749)	(16,907)	(1,158)	i
Chamberlain's - Business Support	0	(111)	(111)	ii
Chief Operating Officer- City Procurement	(99)	55	154	iii
Cost of Collection	1,482	1,864	382	iv
Corporate Services - Town Clerk	(432)	(627)	(195)	v
Central Criminal Court	(588)	1,399	1,987	vi
Mansion House Premises- Town Clerk	(148)	(151)	(3)	
Walbrook Wharf	(535)	(548)	(13)	
Guildhall Complex - City Surveyor	(4,533)	(4,598)	(65)	
Guildhall Complex - Remembrancer	204	0	(204)	vi
Corporate Services - Remembrancer	(397)	(353)	44	
Gresham	(533)	(519)	14	
<b>Division of Service Totals</b>	<b>(21,328)</b>	<b>(20,496)</b>	<b>832</b>	

The Central risk favourable variance of £832,000 against the final budget principally comprises of:

- i. **Chamberlain General £1,158,000 overspend** – Principally due to insurance cost, not recoverable from tenants, being higher than budgeted. This is a result of changes in declared values due to construction cost inflation and other changes in the property portfolio.

- ii. **Chamberlain Business Support £111,000 overspend** – Principally due to an increase in WorldPay charges as a result of more transactions going through this means of payment offset in part by higher interest receipts on cash balances as a result of higher interest rates.
- iii. **Chamberlain Cost of Collection £382,000 underspend** - mainly due to additional income principally for the 2022/23 national non-domestic rates cost of collection allowance.
- iv. **Chief Operating Officer City Procurement £154,000 underspend** – underspending principally due to reduced professional fees spend due to slippage of review of procurement procedures which is now taking place in 2023/24
- v. **Town Clerk Corporate Services £195,000 overspend** - This overspend relates to additional spend on transport, equipment, expenses and catering as the volume of meetings returns to pre-pandemic levels.
- vi. **City Surveyor Central Criminal Court £1,987,000 underspend** – principally due to a significant one-off business rate rebate as a result of a successful appeal.
- vii. **Remembrancer £204,000 Overspend** - This overspend is mainly due to a shortfall in event income, as a result of fewer commercial events taking place in the year than anticipated in the budget. Going forward it is hoped to return to pre-pandemic levels will resolve this income shortfall.

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<b>Committee(s):</b> Finance Committee	<b>Date: 18 July 2023</b>
<b>Subject:</b> Chamberlain’s Business Plan 2022/23 end of year update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	3, 5, 8 & 10
<b>Does this proposal require extra revenue and/or capital spending?</b>	N
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
<b>Report of:</b> The Chamberlain	<b>For information</b>
<b>Report author:</b> Caroline Al-Beyerty – Chamberlain & CFO	

## Summary

1. Overall, the Chamberlain’s department has made good progress on its Business Plan approved by this committee at the meeting on 9 November 2021. This report outlines key progress against Chamberlain’s departmental objectives in 2022/23. Progress has been against a backdrop of a high number of key vacancies particularly in the Financial Services Division and the outcomes delivered has required significant commitment and effort from Chamberlain’s staff as well as careful management, reprioritisation of workloads and deliverables.
2. The Chief Investment Officer Function has been appointed and recruitment has now been completed in most teams across the department.
3. In year collection rates for Council Tax and Business Rates during 2022/23 have remained strong. Freedom Ceremonies conducted have increased, back up to pre-pandemic levels. However, in 2022/23 the City’s performance for the payment of invoices within 30 days was at 92% which was a 5% shortfall from target. Actions are underway to address the dip in performance, including automation and training for purchase order requestors and code providers across all departments.
4. The delay in audit sign off for City Fund accounts, from 2020/21, remains a challenge due to the national issue on the accounting for the infrastructure assets and now the pension triennial review. The additional workload arising from these issues is having a knock-on impact on the Financial Services Division and our auditors, causing significant delays.
5. Pace has been maintained on the Chamberlain’s transformation programme; in particular, we are currently procuring a new Enterprise Resource Planning (ERP) system to replacement the current HR, Payroll and Finance systems.

## Recommendation

Members are asked to note the report.

## Main Report

### Current Position

6. Highlights for each division from the last quarter 2022/23 and 2023/24 plans can be found under appendix 1.
7. In year collection rates for Council Tax and Business Rates during 2022/23 have remained strong. Council Tax collection has increased from 96.80% in 2021/22 to 98.38% in 22/23. Business Rates collection has also increased from 97.20% to 98.93%. Investment Property Income has increased – collection in 2022/23 was at 89.58% (£7.2m arrears) compared to 84.53% (£16.6m arrears) in 2021/22.
8. Freedom Ceremonies conducted have increased from 1237 (2021/22) to 1621 (2022/23) and are now back up to pre-pandemic levels. Notably in 2022/23 the Chamberlain's Court Shop increased its profits by 45% making this financial year its most profitable one to date.
9. In 2022/23 the City's performance for the payment of invoices within 30 days was at 92% which was a 5% shortfall of the target and a reduction of 2% compared to 2021/22. However, it must be noted that there was an increase in supplier invoices and a reduction in the Accounts Payable (AP) team during this period to support this process. An invoice automation project is underway with a third-party provider to reduce manual invoice processing by the AP teams by using data extraction and e-invoicing routes and it is anticipated that improvements will be seen in Q3 2023/24. Additionally further training is planned for PO requestors and AP code providers across all departments to improve their procurement housekeeping and support them fulfil their duties. Delivery of a data cleansing plan is underway to tackle long outstanding POs, invoices on hold and outstanding credit notes in line with the ERP implementation.
10. The Chief Investment Officer Function has been appointed and recruitment has now been completed in most teams across the department. Financial Services has moved closer to filling key positions which will improve the resilience of the service, including the appointment of the Assistant Director of Financial Services who will join the City on 31 July 2023

### Chamberlain's Transformation

11. Throughout 2022/23, the Chamberlain's Transformation Programme was developed and the workstreams that formed the programme spanned across each team within the Chamberlain's Department.



12. Workshops were held to establish the strategic vision of the Department which informed the underpinning strategic pillars and team values, and a departmental action plan was developed, progressed and monitored to address the feedback provided.

13. The Transformation programme workstreams align with the strategic pillars- good stewardship, commercial, digital first, empowering the team and trusted partner. 2022/23 saw the establishment of 46 workstreams. The major workstreams are Enterprise Resource Planning (ERP) Project Implementation; capital process transformation; matrix working; and upskilling the team.

7 workstreams were completed during 2022/23 as shown below:

Strategic Pillar	Priority Initiatives	Intended Outcomes	Lead Team	Priority	Status
Commercial	Increase yearly Freedom fee in line with inflation	Ensure Court income is not adversely affected by external economic factors	CHB OFFICE	High	Complete
Commercial	Cashless CHB court	Update purchasing platform	CHB OFFICE	Medium	Complete
Digital First	Microsoft office issues in Capita Cloud – Excel/Email	System improvement to improve process efficiency and increase automation	FSS	High	Complete
Digital First	Rates Task Manager	Workflow withing Capita, allocation across teams, monitoring workload	FSS	High	Complete
Digital First	DSI GovMail Project	Reduced cost and increased efficiency for ad-hoc letter printing	FSS	High	Complete
Digital First	Utility Bills Interface File	Reduce manual intervention for invoices processing. Remove risk of late payment fees.	FSS	High	Complete
Empower	Develop service values and culture standards	The development of a finance service identity and a culture of high performance	SLT	Medium	Complete

14. In addition to the above, the funding/affordability strategy to fund the major projects programme is underway and being developed to support the significant pressures highlighted.

### ERP Oracle Programme Update

15. The ERP programme will deliver the replacement of the current HR, Payroll and Finance systems (Midland HR and Oracle) into a single ERP solution for the Corporation and its Institutional Departments to align with the new Target Operating Model (TOM).

16. In 2022/23 the key focus was to:

- Complete the soft market testing exercise. (Soft market testing)
- Validate the City's business requirements. (Soft market testing)
- Align plans to the new City priorities and the new Target Operating Model (Soft market testing)
- Set new terms of references under member governance by appointing a lead committee and reconvene the ERP Member Steering Board to ensure representation across the Corporation is aligned to the ERP Programme Board. (Governance)

17. The soft market testing was completed in December 2022. The ERP Programme Board stated their preferred route would be a phased transition with HR to be the primary focus to be followed by Finance.

18. The ERP Programme Board agreed that the procurement approach should be a "Restricted Procedure" to ensure compliance with public procurement regulations. This approach and the planned budget of £9.8m were approved by the Committees (Digital Services Committee, Finance Committee and the Operational Property and Projects Sub Committee) through the ERP Programme Gateway 3 paper and the Procurement Stage 1 paper submitted in March 2023.

19. Governance: The Members Steering Group set up in September 2022 continues to provide oversight and steer to the ERP Programme Board. Due to the cross-cutting nature of the transformation Members agreed to appoint a lead committee (the Digital Service Committee) which would provide sponsorship for Steering Group approvals providing cross-committee engagement.

20. The ERP Programme Board continues to meet monthly chaired by the Chamberlain as SRO.

21. The focus for 2023/24 will be running the software procurement and making an award recommendation (November 2023) and identifying a "System Integrator" to work with the City Corporation on the implementation (November 2023).

### **Closing Accounts Update**

22. The statutory deadlines for City Fund draft and final accounts were moved from 1 June and 31 July (respectively) to 1 August and 30 September for 2020/21 accounting years (2020/21 and 2021/22). Further to this change, an extension has been made to the audit deadline for the 2021/22 accounts to November 2022 in response to the continued audit delays.

23. The draft City Fund accounts for 2020/21 were published on 30 July, in line with the statutory deadline. Despite all efforts to sign off the City Fund accounts in December, this was not achieved due to a late technical query which could not be resolved in time. Whilst the above issue was being resolved, another issue,

regarding the accounting for infrastructure assets, has been raised at a national level which is preventing sign-off of any outstanding accounts. An agreement between audit firms and CIPFA on a practical solution was confirmed in March 2023, however further scrutiny by the Finance Reporting Council (FRC) has delayed the signing of 2020/21 accounts. This continues to have an impact on 2021/22 and now 2022/23 accounts.

24. As previously raised, the City Fund audit should have been completed by 30<sup>th</sup> September. This was unachievable due to BDO resource constraints linked to delivery of last year's audits which were delayed due to the pandemic coupled with additional audit requirements. The audit sector more widely is highlighting a capacity issue in delivering to the revised local authority accounts publication deadlines; and DLUHC wrote last year to local authorities recognising the issue. One of the key interventions proposed is whether certain accounting and audit requirements could be reduced on a temporary basis, where these are of lesser risk to council. CIPFA is currently consulting on amendments to the valuation's requirements of operational property and a delay to implementing IFRS 16 covering lease recognition to reduce to burden on preparers and auditors of accounts.

25. These are welcomed interventions, however, due to the backlog of work created by these delays, the 2021/22 accounts audit has been impacted which for City Fund is coupled with new auditors beginning their term and a loss of key resources. Financial Services Division is working closely with both auditors to sign off 2020/21 and 2021/22 accounts by end of July 2023.

26. The audits of Bridge House Estates and City's Cash 2021/22 accounts were completed and signed off in January.

## **Corporate & Strategic Implications**

Strategic implications – Strategic priorities and commitments are expressed in Appendix 1.

Financial implications – The 2022/23 Business Plan was drawn up based on a 12% reduction in the departmental budget compared to 2021/22.

Resource implications – Any changes to resources have been identified and will be delivered through the implementation of the Target Operating Model.

Legal implications – None.

Risk implications – Key risks managed by the department are included in the Risk Update Report also received by this committee.

Equalities implications – The department has a separate Equalities and Inclusion Plan which aims to improve the department's Equalities position for employees. Where appropriate the department will complete Equality Impact Assessment for upcoming changes.

Climate Implications – Under the Climate action strategy the departments Corporate Treasury function is responsible for delivering Scope 3 emission actions related to our financial investments.

Security implications – None.

Appendices

Appendix 1 – Chamberlain's Business Plan update

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Chamberlain

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### Key updates from this quarter 2022/23

- Budget estimates 2023/24 for service committees were approved by Court of Common Council.
- A recruitment campaign is underway, focusing on bringing in new talent as well as providing internal opportunities through lateral development and progression.
- Finalised audits with unqualified opinions for City’s Cash, Barking Power Station, and Open Spaces (comprising 8 separate charities including; Hampstead Heath, Epping Forest, Highgate Wood, West Ham Park and Burnham Beeches), its 3 fee paying schools and the Guildhall School of Music and Drama (GSMD).
- Priorities Board stood up to support urgent health and safety capital programmes, plus opportunities to fund capital programmes via CIL and OSPR.
- City Fund audit 2020/21 & 2021/22 continues.

### Challenges faced over this quarter 2022/23

- Continued delay to signing off City Fund accounts, 2020/21 and 2021/22, due to infrastructure issue.
- Resignation of Assistant Director, Strategic Finance and Chief Accountant, plus holding a significant number of vacancies further impacted with key individuals moving across to City of London Police, Corporate Treasury and Schools – whilst this has resulted in progression opportunities for those that have moved on, this has added additional pressure on existing team over above the vacancies already held and requires careful management and reprioritisation of workload.

Recruitment challenges across finance sector - employees market, plus interim market is more lucrative (shift from permanent to interim market). Inflationary pressures need careful monitoring and risk management accounting continues.

### Plans for the next quarter 2023/24

- Financial Services Director’s focus on 3 key priorities - 1) Well being of staff; 2) Recruitment; 3) Getting the basics done.
- Close down for 2022/23 City Fund, City’s Cash and Bridge House Estates.
- Continuation of recruitment campaign.
- Continued work on operational property review – understanding of financial position.
- Monthly financial reporting on major projects programme.
- Chamberlain’s and City Surveyor work on major projects funding strategy.
- Lead departmental Star Chambers – providing an opportunity for departments to highlight how they will tackle cost pressures for the 2023/24 financial year, meet permanent savings and discuss risks and opportunities ahead of RASC away day.
- Preparation for RASC away day focus on five-year medium term financial plan for City Fund and City’s Cash.
- Progress ERP to procurement stage, plus data cleansing strategy to be defined.
- Forward plan, including transformation programme to be reviewed and reprioritised, including progress with H Drive migration to SharePoint.
- Collaborate with Corporate Treasury and new CIO function (Stanhope) in developing a longer term robust cashflow.

### Changes to our Business Plan priorities

- No changes to business plan priorities.

**Key updates from this quarter and 22/23**

- Annual Billing for Council Tax and Business Rates went well.
- Collection rates have increased for Council Tax and Business Rates
- A credit audit is underway to review historic credit notes.
- All power and gas invoices have now been fully automated reducing manual processing.
- Energy Bill Support Scheme and Alternative Funding scheme delivered.

**Challenges faced over this quarter and 22/23**

- Implementation of the 2023 valuations on business rates has gone well.
- Difficulty in extracting system information to enable the digitalisation of Housing Benefit paper files.
- New Housing Benefit System tender process completed.
- New Property Management System, Horizon is being tested.

**Plans for the next quarter**

- Launch of third-party solution to automate more invoices.
- Implementation of a new Housing Benefit System rolling into the Capita Cloud and aligning with Revenues Systems.
- Digitalisation of Housing Benefit paper files.
- Launch of new online Charitable Relief application form.
- Replacement Income Manager system go live (October 23).
- Council Tax and Business Rates E-billing and DD automation (AUDDIS) projects underway.

**Changes to our Business Plan priorities**

- No changes to business plan priorities.

**Key updates from this quarter and 22/23**

- Initial testing around the implementation of Member Self Service for the Pensions Administration system.
- Insurance data submitted data to insurers for the June policy renewals.
- Liaison with Civica consultants on the system configuration of the new Income Management system (CivicaPay).
- Formatting work on interfaces between Income Manager (PARIS) and the Property Management system (Horizon) has been completed and fully tested.
- Treasury Management Strategy Statement (TMSS) for 2023/24 finalised and approved by the Court of Common Council.
- Pension Fund Triennial valuation results received by the Pensions Committee.

**Challenges faced over this quarter and 22/23**

- Maintaining appropriate liquidity in light of the pace of potential spend on the major projects.
- Dealing with last minute additional audit queries around the 2021/22 accounts (City Fund).

**Plans for the next quarter**

- Continue testing and implementation of Member Self Service for the Pension Administration system.
- Preparation for production of the 2023 Annual Benefit Statements.
- Begin work on the Partial Exemption calculation for 2022/23.
- Progress H Drive migration to SharePoint and dealing with any issues which may arise from this.
- Finalising the June 2023 insurance renewals.
- GL Testing to begin on the new Property Management system (Horizon) configuration of the new Income Management system (CivicaPay) and begin user acceptance testing.
- Preparation of Pension Fund Annual Report & Accounts; sundry trust accounts, and relevant entries and disclosures for year ended accounts.
- Collaborate with Corporate Accountancy and new CIO function (Stanhope) in developing a longer term robust cashflow in light of the spend on the Major Projects.

**Changes to our Business Plan priorities**

- No changes to business plan priorities.

**Key updates from this quarter and 22/23**

- Internal Audit Apprentices made excellent progress.
- External validation (EQA) against the Public Sector Internal Audit Standards initiated, completion estimated by end of June.
- Recruitment campaign initiated for Principal Auditor and Senior Auditor posts.

**Challenges faced over this quarter and 22/23**

- Capacity challenges following resignation of a team member.
- Completion of Corporate Risk Assurance reviews has been deferred to enable completion of other planned assurance work.
- High profile work has required significant time commitment from Head of Internal Audit.

**Plans for the next quarter**

- Completion of recruitment.
- Implementation of K10 Vision (a new audit management application).
- Finalisation and launch of the 2<sup>nd</sup> generation PowerBI Internal Audit Dashboard.

**Changes to our Business Plan priorities**

- No changes to business plan priorities.

**Key updates from this quarter and 22/23**

- In 2022/23 the Chamberlain's Court Shop increased its profits by 45% making this financial year its most profitable one to date on record.
- The Heritage till system was replaced by Shopify tablet EPOS and integrated card reader which has significantly led to greater efficiency in Court processes and administration.
- Freedom Ceremonies have increased from 1237 (2021/22) to 1621 (2022/23) and are now back up to pre-pandemic levels.
- Number of freedom applications have increased by 20% since 1 January 2023.
- Continuously received very positive feedback from high profile freedom ceremonies.
- Significantly reduced the backlog of ceremonies as a result of COVID-19 by encouraging Livery Halls to have group ceremonies on onsite as well as increasing the number of daily ceremonies.
- Conducted monthly reviews of Chamberlain's spend on interim workers ensuring their compliance with the current commercial contracts or approved framework.
- Conducted a prioritisation project for the CHB Transformation Programme.

**Challenges faced over this quarter and 22/23**

- The Chamberlain's Court continues to have capacity challenges to meet pressing deadlines and last minute stakeholder requests when staff are absent.
- Delay on freedom application system (Agenda) testing due to supplier development team availability.

**Plans for the next quarter**

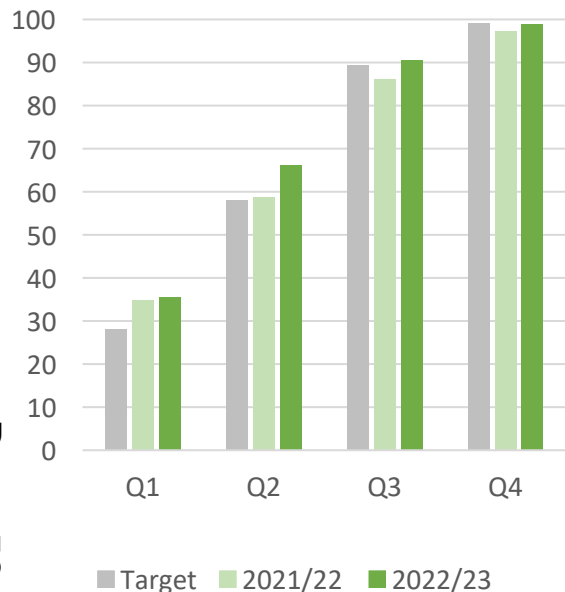
- Further testing on the freedoms applications system to ensure that it is fit for purpose prior to its switch on in July 2023.
- Conduct a gap analysis of ED&I activity 2022/23 across the Chamberlain's Department and identify the next steps following issue of the new corporate guidance.
- Progress leading the department's H Drive migration project.
- Produce a departmental communications plan to improve staff and stakeholder engagement.
- Continue to progress and monitor the Values and Behaviours action plan to support the Chamberlain's Transformation project.

**Changes to our Business Plan priorities**

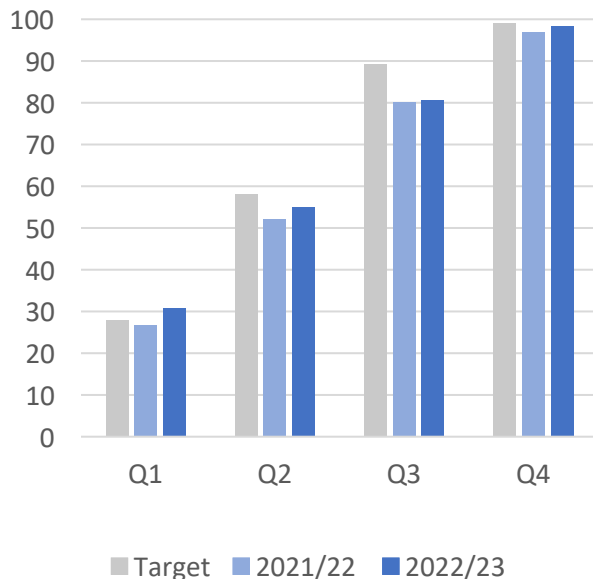
- No changes to business plan priorities.



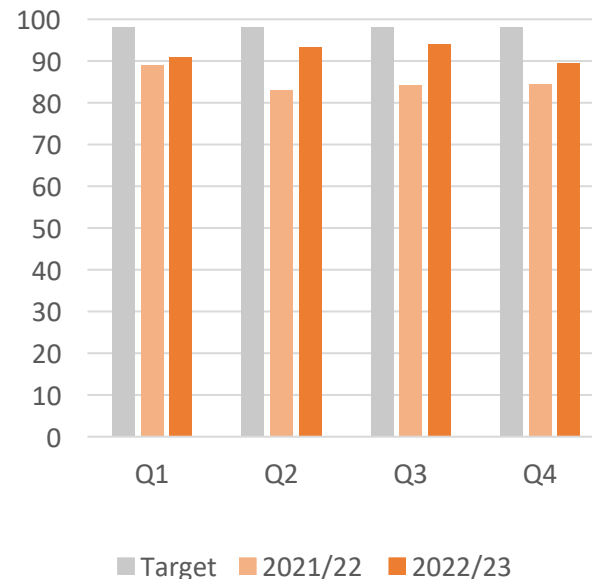
Business rates in year collection 22-23  
% collected



Council tax in year collection 22-23  
% collected



Commercial rent collection 22-23  
% collected



Publication of the Draft City Fund Accounts within Statutory Deadline of 31st May. The authority has been unable to comply with this requirement due to the audit of the 2020/21 and 2021/22 statements not being completed. This is partly due to a national issue on the accounting for infrastructure assets, and also due to the pensions triennial valuations impacting 2021/22 accounts



Publication of City Fund Audited accounts on 30<sup>th</sup> September  
**Impacted by the above and delay to auditing of accounts.**



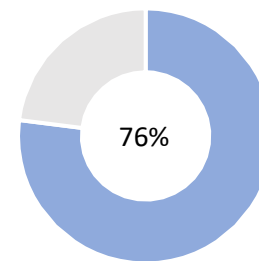
Publication of City's Cash and Publication of City's Cash and BHE Accounts

**ON TRACK**

**COMPLETE**  
Effective financial management: expenditure against departmental local risk budgets + 1.5% year end (Target < 1%)

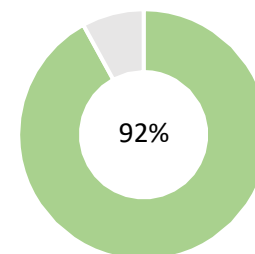
**IN PROGRESS FOR 24/25**  
Delivery of a balanced budget and Medium-Term Financial Plan for City Fund, approved by Court of Common Council by 31 March

Invoices paid to SMEs within 10 days Q1-4



Target 88%

Invoices paid within 30 days Q1-4



Target 97%



## Our aims and objectives are...

**We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:**

- Demonstrating the affordability and value for money of City finances through medium-term financial plans and annual budgets that are aligned with the Corporate Plan, robust business case, financial management and year-end accounting disciplines, and excellent professional advice.

## The key enabling services we provide...

- Strategic financial modelling and advice
- Revenue and capital budgeting and management
- Collection of revenues
- Financial transactional services
- Financial Business Partnering services

## Our major workstreams this year will be...

- Increasing our strategic impact, by providing insight and decision support through modelling of longer-term affordability and developing whole life costing of Major and other Projects
- Developing the Finance TOM underpinning CoL TOM
- Driving Process Standardisation & ERP implementation
- Increasing Financial Literacy & influencing Culture Change
- Inspiring Staff Development & new methods of Communication

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

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

## Covid-19 related changes

The following areas of work were undertaken due to Covid-19:

- Financial impacting of C19 and more indicatively across medium-term, leading to triggers put in place to monitor the on-going impact and recovery stages.
- Processing of business grants and loans, and many unplanned payments. Reclaiming costs from Government where available.

The following are being delivered differently due to Covid-19:

- Increases in transactional thresholds and electronic transactions.
- Hybrid meetings and opportunities to strengthen collaborative working across departments.
- Culture shift to being paperless and use of SharePoint and Teams

## Other changes planned

- Implementation of new ERP system across finance, HR, payroll and procurement
- Budget holder and project manager self-service.
- Integration / extension of transactional shared services.

## New commitments

- Develop the head of profession role for Finance under the target operating model
- Support the Climate Action Strategy

## Value for money

- Strengthening our focus on strategic priorities and top financial risks to the Corporation. Strengthening modelling capability for major projects. Increasing self-service and shared services. Driving other process efficiencies.

## Plans under consideration

Plan	Time Scale
<i>Development of Finance TOM, including shape &amp; size of Finance function) underpinning Corporation TOM</i>	By tier across 21/22
<i>Priority process improvements, including financial regs, self-service, automation, capital processes. Supporting ERP implementation</i>	Q4 21/22
<i>Upskilling of Finance staff to increase strategic and professional impact, and present in more visual and less tabular format</i>	Across 21/22

## Our aims and objectives are...

**We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:**

- Managing the non property securities for Pension Fund City's Cash & Bridge House Estates. Providing treasury management function for the Corporation. Administering the Local Government Pension Scheme and Police Pension Scheme. Enhancing and protecting the organisation through the placement of insurance and providing advice on VAT matters.

## The key enabling services we provide...

- Administration and oversight of the Local Government Pensions Scheme (LGPS) and Police Pension Scheme
- Insurance services for the Corporation
- VAT advice and financial appraisals
- Treasury management, banking and banking administration and management of non-property investments

## Our major workstreams this year will be...

- Delivering climate commitments around our investments
- Implementing Pension scheme members self service online portal
- Providing VAT/SDLT and Insurance advice to support decision making of the major and other projects
- Replace the Paris income management system
- Developing an online toolkit for assessing insurance risks in contracts

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

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

## What's changed since last year...

### Covid-19 related changes

- The following areas of work were undertaken due to Covid-19:
  - Administration of the Covid Business Recovery Fund
- The following are being delivered differently due to Covid-19:
  - Treasury management operations now all done electronically
  - Paperless file management for insurance policy and claims administration
  - File management and provision of reports to City Revenues teams are now done electronically

### Other changes planned

- Increased collaboration with insurers using automated work flows and shared information platforms.

### New commitments

- Climate Action Strategy – We are responsible for delivering Scope 3 emission actions related to our financial investments.

## Plans under consideration

Plan	Time Scale
Replace Paris income management system	June 2022
Member self-service (pensions online portal)	November 2022

## Our aims and objectives are...

**We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:**

- Supporting the Chamberlain's department to deliver the best service possible to the wider Corporation.
- Championing equalities and inclusion throughout the department
- Effectively using the soft power of the Freedom of the City to support the City's strategic priorities such as diversity and sustainability.
- Positively impacting City of London's reputation with stakeholders and wider communities through enjoyable ceremonies; efficient processing of applications; and effective management of the Chamberlain's Court.

## COVID-19 related changes

- Business Support are providing communications to the department on matters relating to the return to the office as we transition to a new normal and representing the department at the necessary meetings.
- As we recover from the pandemic and return to the workplace the Chamberlain's Court has put the following precautions in place in line with Corporation's cautious approach to the return:
  - Reduced the numbers of guests invited to each ceremony.
  - Reduced number of ceremonies in one day so that guests are less likely to pass one another.
  - Move to digital by default approach, specifically card only payments in Chamberlain's Court, streamlined application process with online payments, document verification undertaken virtually.
  - Continuing to offer a virtual ceremony for those who prefer - this will remain into the future, making the Freedom more accessible.

## The key enabling services we provide...

- Business, project and operational support for the Chamberlain's department.
- End to end processing of the Freedom of the City applications and VIP Freedoms.

## Our major workstreams this year will be...

- Implement the departmental Equality Diversity & Inclusion plan.
- Supporting the implementation of new ERP system across finance, HR, payroll and procurement.
- Providing support to the department as the new target Operating Model is implemented and transitions into business as usual.
- Implement a strategic review of the Chamberlain's Court aiming to align closely to Corporate Plan and cross departmental working while becoming more financially sustainable.
- Work to reduce the build-up of ceremonies that were not able to be carried out in person due to COVID-19. This work will be partially completed by attending Livery Halls whereby more Freemen are admitted together in a single ceremony. Produce further plans to reduce backlog numbers.

## Other changes planned

- Introduction of new software to manage freedoms administration providing the ability for statistical analysis as well as digitalising formerly manual processes. Users of the new system are to be provided with an enhanced experience when completing the application process. The system will provide increased resilience replacing an old heritage system which is no longer fit for purpose.
- Increased collaboration with our colleagues in Remembrancers and Innovation and Growth to better the service provided by the Chamberlain's Court.
- Increase pricing in line with inflation indices approved by Freedoms Application Committee.

## New commitments

- Greater project support for the upcoming financial projects.

## Value for money

- We are reviewing the operations of the CHB Court to find efficiencies.

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

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

## Plans under consideration

Plan	Time Scale
Analysis of diversity of Freedom applicants to carried out when the new system is in place and allows for a survey to be offered during the process. A plan to be put into place following this to increase diversity of Freemen.	March 2022

## Our aims and objectives are...

**We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:**

- Enhancing and protecting organisational value by providing independent and objective assurance as to the effectiveness of the arrangements for governance and risk management and the overall adequacy of the internal control environment.

## The key enabling services we provide...

- Internal Audit – delivering a risk based programme of work that is aligned to organisational objectives, providing advice and guidance to improve the efficiency and effectiveness of the control environment

Counter fraud and Investigations - Providing advice, guidance and support to minimise the risk of fraud, delivering a programme of proactive interventions and an investigation service

## Our major workstreams this year will be...

- Preparation and delivery of an annual, risk based, Internal Audit Plan to inform the Annual Opinion on the Adequacy of the Internal Control Environment
- Maintain an effective Fraud Investigation function that is responsive to suspected and actual fraud.
- Reorganisation of the team to reflect TOM design principles, both within the team and embedded in the structure of the Internal Audit Plan

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

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

## What's changed since last year...

### Covid-19 related changes

- Internal Audit work largely continues to be undertaken virtually, utilising Microsoft Teams and SharePoint for the transfer of information
- Restrictions on undertaking certain Fraud Investigation activity, such as visits and interviews, have eased, although remain subject to risk assessment

### Other changes planned

- The TOM presents an opportunity to build capacity within the team and create a better career path for Audit professionals
- The TOM also results in the transfer of Corporate Risk Management to the Department of the Deputy Town Clerk and Chief Executive, the professional relationship with Internal Audit remains

## Plans under consideration

Plan	Time Scale
Development of the use of data analytics, subject to investment of time and budget	Pilot during 2022/23
Expansion of work in relation to the National Fraud Initiative (via NFI+)	April 2022

## Our strategic commitments

- Support the strategic aims of the organisation through sound financial advice, in particular longer-term affordability and whole life costing of Major and other Projects.
- Develop the Head of Profession role for Finance under the target operating model.
- Advise on delivery of flightpath of organisational savings
- Improve shared services.
- Explore how the mechanism of the Freedom of the City can be best used to deliver corporate objectives such as Climate Action and Diversity.

### Climate Action Strategy

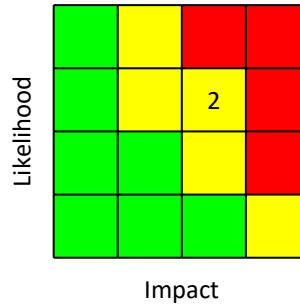
#### Areas for support:

- Action area 1: Corporate properties
- Action area 3: Capital projects
- Action area 4: Property investments

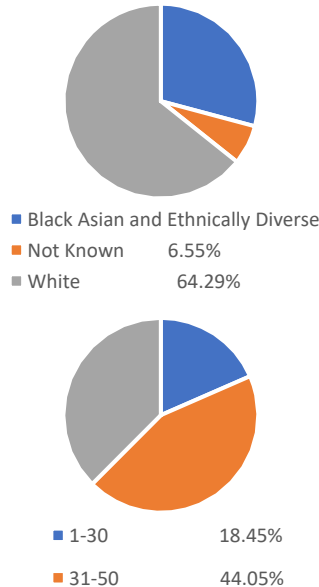
### Our E D & I self assessment score

Monitoring and use of data and information	3
Completing Equality Analysis (EQIA) and tackling discrimination and barriers to inclusion	4
Target setting and mainstreaming equalities into performance systems	3
Using procurement and commissioning to achieve equality and cohesion targets	1
Engagement and partnership	4
Employment and training	3

## Key Risks



Risk Title	Score
CR 23 Police Funding	12
CR35 Unsustainable Medium Term Finances	12



## Key Performance Indicators

KPI	Target	Current Performance
Ratio of male to female staff in senior roles	50 / 50	Female 57.94% Male 42.06%
% business rates collected in-year	98%	35%
% commercial rents collected	98%	89%
% council tax collected in-year	98%	52.14%
% positive internal customer satisfaction (average – staff survey)	60%	55%
% staff who report good wellbeing (staff survey)	75%	67% (88% if including neutral responses)
% Audit plan delivered	100%	88%
% Budget variance	<1%	<1%
% key decisions with Tests of relevance / EQIA conducted	100%	New measure
% ED&I improvement plan delivered	TBC	New measure
% supply chain by spend with Paris-aligned net zero plans	TBC	New measure
% investment portfolio Paris-aligned	TBC	New measure
% invoices paid on time (30 day)	97%	93%
Initial Payment of Actual Retirement Benefits	5 Days	97.58%

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<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee – For information	18 July 2023
<b>Subject:</b> Chamberlain’s Departmental Risk Management Update	<b>Public</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> 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

2. 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.
3. The **CHB 001 Chamberlain's department transformation and knowledge transfer** risk score remains at RED 16, although the risk is falling. Further successful recruitment into the Capital and Project Team and Major Projects Finance team assist in mitigating additional workload pressures placed on existing staff and reducing the requirement for interim staff.

4. In June, the Chamberlain's department hosted the Chamberlain's fair, an event designed to share knowledge about what each team within Chamberlain's is working on and key deliverables.. Chamberlain's staff were invited to meet with representatives from each team to network and discover the roles and responsibilities of key contacts throughout the department. The information collated for the fair is now available on the intranet.
  
5. The **CR38 Unsustainable Medium Term Finances - City's Cash** risk score remains at RED 16. In efforts to mitigate this risk, Chief Officer Star Chambers were held throughout May and June. The Star Chambers identified in-year and additional ongoing pressures on and potential mitigations and funding options for departments and institutions. Outcomes were presented to the Resource Allocation Sub Committee Away Day.
  
6. Details of CHB001, CR35 and CR38 can be found in Appendix 1.

### **Conclusion**

7. 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

E: [Leah.Woodlock@cityoflondon.gov.uk](mailto:Leah.Woodlock@cityoflondon.gov.uk)



Appendix 1 - Departmental Risk Register

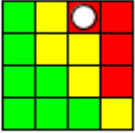
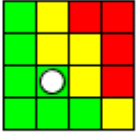

# CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

Generated on: 4 July 2023



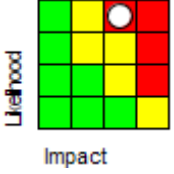
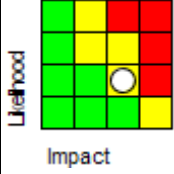

Rows are sorted by Risk Score

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
<b>CHB 001</b> <b>Chamberlain's department transformation and knowledge transfer</b>	<p><b>Cause:</b> The TOM changes are insufficient or implementation of radical change fails. The flexible retirement scheme has been taken up by many long term colleagues who will all be leaving the corporation by March 2022. The TOM is also creating anxiety which in turn could cause colleagues to find roles elsewhere.</p> <p><b>Event:</b> Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future.</p> <p><b>Effect:</b> Chamberlain's Department fails to deliver its objectives.</p>	 Likelihood Impact	<p><b>16</b></p> <p>Three of the four teams within Chamberlain's are now fully resourced and the CIO function commenced in January.</p> <p>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.</p> <p>There is considerable pressure on existing staff and risk of not meeting key deadlines on transformation.</p>	 Likelihood Impact	<p><b>4</b></p> <p>31-Mar-2024</p>	

12-Nov-2021 Caroline Al-Beyerty				<p>However, a plan is underway to support the team to get back on track.</p> <p>Following a series of workshops teams are now working on implementation of transformation action plans.</p> <p><b>15 May 2023</b></p>				Reduce	Constant
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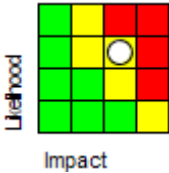
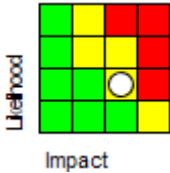

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001a	Teams are working to ensure they have effective knowledge sharing plans in place particularly where there are members of the team preparing for retirement.	All areas have now successfully transitioned through this period successfully.	Sonia Virdee	30-June-2023	31-Mar-2024
CHB001b	Colleagues are provided with the training they need to fulfil their role.	<p>Several courses have been designed and delivered to address current needs:</p> <ol style="list-style-type: none"> <li>1. Introductory Power BI course was offered to staff in May, to respond to reporting and displaying data upskilling.</li> <li>2. P2P Housekeeping training was offered to AP Code Providers and PO Requisitioners in June.</li> <li>3. Pilot Budget Holder training was carried out with the Environment Department.</li> </ol> <p>All training courses received positive feedback.</p> <p>The departmental Learning &amp; Engagement Board was re-launched on 21 June with a renewed vision, terms of reference and refined learning objectives.</p>	Mark Jarvis/Sarah Wall	30-June-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 July. 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	30-June-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, of which two roles were filled successfully. There still remains 7 permanent positions to recruit to (including the Chief Accountant role), plus Trainee Graduates and Apprentices (underway). - 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 pulled their application 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 transformation. An interim Assistant Director has been appointed. The Permanent Assistant Director position has been successfully recruited to with a start date of 31 July. Recruitment to the Chief Accountant permanent position has been paused, following the appointment of an interim Chief Accountant, to ensure consistency of approach during accounts preparation and to refocus efforts on 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>	Sonia Virdee	30-June-2023	31-Mar-2024
CHB001e	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>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 this committee in April with 3 key priorities focusing on 1) well being of staff; 2) recruitment 3) getting the basics done, next update will be provided in September.</p>	Sonia Virdee	30-June-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
<b>CR38</b> <b>Unsustainable Medium Term Finances - City's Cash</b>  31-Oct-2022 Caroline Al-Beyerty	<p><b>Causes:</b> High inflation –Office for Budget Responsibility forecasting peak in Autumn 2023 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><b>Event:</b> Inability to contain financial pressures within year 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><b>Effects:</b> 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.  <b>15 June 2023</b>		8	31-Mar-2024	  Decreasing

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Impact of inflation <ul style="list-style-type: none"> <li>• Rising inflationary pressures on energy costs</li> <li>• Rising inflationary pressures on construction and labour costs</li> </ul>	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	30-June-2023	31-Mar-2024

		<p>and the culture shift. Additional funding allocated to support the backlog of urgent Cyclical Works Programme.</p> <p>£3m contingency ringfenced for urgent health and safety works under capital programme.</p> <p>An update on the five year financial plan was presented to RASC away day, with recommendations on 2024/25 budget setting.</p>			
CR38b	<p>Impact of construction inflation on capital programme:</p> <ul style="list-style-type: none"> <li>• Major projects</li> <li>• Business as usual capital programme</li> </ul> <p>Remain within the financial envelopes approved for major projects</p>	Refer to CR35c.	Sonia Virdee	30-June-2023	31-Mar-2024
CR38e	<p>A reduction in key income streams and increase in bad Debt</p> <p><i>Triggers:</i> <i>Increase in loss of property investment portfolio income over £5m p.a.</i></p>	<p>This is being monitored monthly, with action being taken to reduce spend where possible.</p> <p>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.</p>	Phil Black; Sonia Virdee	20-June-23	30-Jun-2024
CR38f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>The five year financial plan provides recommendations for one-off cost pressures and on-going pressures, now approved via the carry forward process on 30 June, this also included approval of £3.5m central contingency to support unforeseen inflationary pressures</p> <p>An officer Star Chamber took place during May/June to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Sonia Virdee	30-June-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
<p><b>CR35</b> <b>Unsustainable Medium Term Finances - City Fund</b></p> <p>19-Jun-2020 Caroline Al-Beyerty</p>	<p><b>Causes:</b> High inflation – Office for Budget Responsibility forecasting peak reached 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 2023/24. Police Transform programme fails to realise the budget mitigations anticipated within the MTFP. Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile. <b>Event:</b> 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. <b>Effects:</b> 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. Being unable to set a balanced budget which is a statutory requirement for City Fund. 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>		12	<p>Retail Price Index rose by 13.7% and Consumer Price Index rose by 8.7% in 12 months to May 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 5.0% on 22 June 2023 and is expected to rise further to 6%.</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><b>15 Jun 2023</b></p>		8	31-Mar-2024	
							Reduce	Constant

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"> <li>• Rising inflationary pressures on energy costs</li> <li>• Rising inflationary pressures on construction and labour costs</li> </ul>	<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> <p>An update on the medium term financial plan was presented to RASC away day, with recommendations on 2024/25 budget setting.</p>	Sonia Virdee	30-June-2023	31-Mar-2024
CR35b	<ul style="list-style-type: none"> <li>• Capital schemes forecast to exceed budget.</li> <li>• Review of HRA commissioned and due to report at the end of November 2022.</li> <li>• 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.</li> <li>• Housing 30 year financial projects have been completed.</li> </ul>	<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 reported 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. A separate review has been commissioned by the Town Clerk</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	30-June-2023	31-Mar-2024
CR35c	Remain within the financial envelopes approved for major projects	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 monthly and draw down requirements to the Investment Committee.	Sonia Virdee	30-June-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, now approved via the carry forward process on 30 June, this also included approval of £10.2m central contingency to support unforeseen inflationary pressures.</p> <p>An officer star chamber was held during May/June to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Alistair Cook; Sonia Virdee	30-June-2023	30-Jun-2023
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# Agenda Item 13

<b>Committee:</b> Finance Committee	<b>Date:</b> 19 July 2023
<b>Subject:</b> Report of Action Taken	<b>Public</b>
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	<b>See background papers</b>
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
<b>Report of:</b> Deputy Town Clerk	<b>For Information</b>
<b>Report author:</b> Ben Dunleavy, Governance Officer	

## Summary:

This report provides details of a decision taken under urgency between meetings of the Finance Committee.

## Recommendation

Members are asked to note the report.

## Urgent Decisions Under Standing Order 41A

### (A) Increase in contract value - Work and Health Programme - Central London Works

1. The Town Clerk was asked to approve a decision under urgency for the Finance Committee relating to an increase in contract value for the Work and Health Programme – Central London Works.
2. Central London Works is an employment programme which supports disabled residents in central London into work. Central London Works is managed by Central London Forward (CLF) – the partnership of the 12 central London local authorities. CLF is hosted by the City of London Corporation.
3. The Health and Work Programme contract was awarded in 2018, at a value of £53.4m over 5 years, with an option to extend for 2 years. The programme was funded by the Department for Work and Pensions (DWP) and the European Social Fund (ESF). In 2020, the contract was varied to deliver the Job Entry Targeted Support (JETS) programme, which provided rapid support to residents who lost their jobs during the pandemic. The value of the JETS Programme was £18.0m. On 8<sup>th</sup> December 2022, the Court of Common Council approved the extension of Central London Works for 23 months, enacting the extension clause in the original contract. The programme will take new starters up to October 2024.
4. Approval was sought for an increase in the value of the contract by £6m, or 7.1% of the current contract value. Central London Forward (CLF) are seeking this increase in order to support more residents into work as follows:
  - Place and Train – On 9th June 2023, DWP offered £2.9m of funding to deliver 'place and train' support, through Central London Works, whereby participants would be supported rapidly into work and provided with ongoing support to sustain employment. This additional funding will help a further 1,353 economically inactive residents. DWP expect the support to be delivered from September 2023. DWP are planning to offer the 'place and train' support across all 11 Work and Health Programme contracts nationally, including the 5 contracts that are devolved (the 4 sub-regions in London and Greater Manchester).
  - UK Shared Prosperity Fund (UKSPF) – CLF has been allocated £8.3m of UKSPF by the Greater London Authority, which is the managing authority for UKSPF in London. CLF would like to use £3.1m of our UKSPF funding to support an additional 1,462 residents through the Central London Works programme.
5. Whilst the increase in contract value is fully funded, approval from the Operational Property and Projects Sub Committee, Finance Committee and the Court of Common Council is required as the contract value exceeds £2m, as set out in Section 16.3 of the Procurement Code (Part One). The increase is permissible under Regulation 72(1)(b) of the Public Contracts Regulations 2015 and the contract end date is unaffected.

6. The Operational Property and Projects Sub Committee agreed the recommendations at its meeting on 3 July 2023. The request for a decision under urgency was sought from the Finance Committee in order to meet the 12 July deadline for the Court of Common Council, as the Finance Committee would meet after this. A decision from the July meeting of the court is necessary as going out to re-tender at this time is not a viable option. Delivery is expected to start from September 2023, and there would not be sufficient time to allow a new supplier to mobilise if the decision was delayed. Furthermore, if the City Corporation were to do nothing, and was unable to provide additional support, officers believe that the Central London sub-region would be the only part of England and Wales where the place and train support is not available, which would thus present a reputational risk for Central London Forward and the City Corporation.
7. A decision under urgency was accordingly sought and received from the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, on 4 July 2023 for the following recommendations:
  - Approve an increase in contract value of £6m, to give a total value of £89.6m.
8. A report from the Finance Committee will be submitted to the Court at its 20 July meeting.

### **Background Papers**

Increase in contract value - Work and Health Programme - Central London Works (Joint Report of the Executive Director, Innovation & Growth and the Chief Operating Officer)

#### **Ben Dunleavy**

Governance Officer

Deputy Town Clerk's Department

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