



Finance Committee

Date: WEDNESDAY, 8 NOVEMBER 2023

Time: 12.45 pm

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

Members:

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

Enquiries: Ben Dunleavy ben.dunleavy@cityoflondon.gov.uk

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<https://www.youtube.com/@CityofLondonCorporation/streams>

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City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

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 19 September 2023.

For Decision
(Pages 9 - 16)

4. **ACTION TRACKER**

Report of the Town Clerk

For Information
(Pages 17 - 18)

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

Report of the Chamberlain.

(Pages 19 - 20)

6. **DRAFT PUBLIC MINUTES OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE**

To receive the draft public minutes and non-public summary of the Projects and Procurement Sub-Committee held on 16 October 2023.

For Information
(Pages 21 - 24)

7. **2022-23 CITY'S CASH FINANCIAL STATEMENTS**

Report of the Chamberlain.

For Decision
(Pages 25 - 32)

8. **SUNDRY TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23**

Report of the City Bridge Foundation & Charities Finance Director (representing the Chamberlain).

For Decision
(Pages 33 - 38)

9. **CITY FUND AND PENSION FUNDS STATEMENT OF ACCOUNTS UPDATE**

Report of the Chamberlain.

For Information
(Pages 39 - 46)

10. **PROJECT PROCEDURE REVISION**

Report of the Chief Operating Officer.

For Decision
(Pages 47 - 52)

11. **RESOLUTION OF THE NATURAL ENVIRONMENT BOARD**

Resolution of the Natural Environment Board meeting on 16 October 2023 to the Finance Committee and Policy and Resources Committee.

For Discussion
(Pages 53 - 54)

12. **CHAMBERLAIN'S BUSINESS PLAN QUARTER 2 2023/24 UPDATE**

Report of the Chamberlain.

For Information
(Pages 55 - 62)

13. **CHAMBERLAIN'S RISK REGISTER**

Report of the Chamberlain.

For Information
(Pages 63 - 74)

14. **QUARTER 2 2023/24 FORECAST CAPITAL AND SRP EXPENDITURE**

Report of the Chamberlain.

For Information
(Pages 75 - 82)

15. **TARGET OPERATING MODEL (TOM) – FINAL REPORT**

Report of the Chief Operating Officer.

16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
18. **EXCLUSION OF THE PUBLIC**

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

For Decision

Part 2 - Non-Public Agenda

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

To agree the non-public minutes of the meeting held on 19 September 2023.

For Decision
(Pages 89 - 92)

20. **DRAFT NON-PUBLIC MINUTES OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE**

To receive the draft non-public minutes of the Projects and Procurement Sub-Committee held on 16 October 2023.

For Information
(Pages 93 - 94)

21. **CIL AND OSPR CAPITAL BIDS (QUARTER 2 - 2023/24) & CAPITAL BIDS FOR 2024/25 CAPITAL PROGRAMME**

Joint Report of the Executive Director, Environment and the Chamberlain.

For Decision
(Pages 95 - 122)

22. **THE NPCC CYBERCRIME PROGRAMME NATIONAL FRAMEWORK AGREEMENT FOR THE PROVISION OF CRYPTOCURRENCY STORAGE AND REALISATION SERVICES – EXTENSION OF CONTRACT TERM**

Report of the Commissioner of Police.

For Decision

(Pages 123 - 128)

23. **GUILDHALL COOLING PLANT REPLACEMENT**

Report of the City Surveyor.

For Decision
(Pages 129 - 132)

24. **COMPLIANT COMMITTEE WAIVER REPORT FOR A COMBINED IN-PATIENT
DETOXIFICATION (IPD) AND STABILISATION SERVICE FOR LONDON**

Report of the Director of Community and Childrens Services.

For Decision
(Pages 133 - 140)

25. **EXTENSION OF THE MANAGED SERVICE TEMPORARY AGENCY RESOURCE
CONTRACT**

Report of the Chief Operating Officer.

For Decision
(Pages 141 - 150)

26. **GETTING BEST VALUE FROM OUR LOW VALUE SPEND**

Report of the Chief Operating Officer.

For Decision
(Pages 151 - 156)

27. **WRITE-OFF OF OUTSTANDING DEBT – OCEAN FLEET SEAFOOD LIMITED**

Report of the Chief Operating Officer.

For Decision
(Pages 157 - 160)

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

Joint Report of the Chamberlain and the Chief Operating Officer.

For Information
(Pages 161 - 162)

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

Report of the Deputy Town Clerk.

For Information

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

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

Part 3 - Confidential Agenda

32. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

To agree the confidential minutes of the meeting held on 19 September 2023.

For Decision

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FINANCE COMMITTEE

Tuesday, 19 September 2023

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 19 September 2023 at 12.45 pm

Present

Members:

Deputy Henry Colthurst (Chairman)	Michael Hudson
Deputy Randall Anderson (Deputy Chairman)	Deputy Elizabeth King
Shahnan Bakth	Deputy Madush Gupta
Brendan Barns	Catherine McGuinness
Nicholas Bensted-Smith	Hugh Selka
Alderman Professor Emma Edhem	Eamonn Mullally
Alderman Sir Peter Estlin	James Tumbridge
Steve Goodman OBE	Deputy Christopher Hayward (Ex-Officio Member)

Officers:

Ian Thomas CBE	- Town Clerk and Chief Executive
Caroline Al-Beyerty	- Chamberlain
Michael Cogher	- Comptroller and City Solicitor
Bob Roberts	- Interim Executive Director, Environment
Matt Baker	- City Surveyor's Department
Simon Causer	- City Surveyor's Department
John Galvin	- City Surveyor's Department
Robert Murphy	- City Surveyor's Department
Tom Leathart	- City Surveyor's Department
Alistair Cook	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Emma Beard	- Chief Operating Officer's Department
John Cater	- Chief Operating Officer's Department
Oliqur Chowdhury	- Chief Operating Officer's Department
Genine Whitehorne	- Chief Operating Officer's Department
John Barker	- Community and Children's Services Department
Ben Dunleavy	- Town Clerk's Department

1. APOLOGIES

The Chairman welcomed George Abrahams and Hugh Selka, who had joined the Committee in the place of Greg Lawrence for the Ward of Farringdon Within and for the Ward of Bridge and Bridge Without respectively.

Apologies for absence were received from George Abrahams, Deputy Rehana Ameer, Alderman Tim Levene, Deputy Andrien Meyers, Deputy James Thomson and Mark Wheatley.

Paul Martinelli and John St John Davis observed the meeting virtually.

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**

The public minutes and non-public summary of the meeting held on 18 July 2023 were approved as an accurate record.

Matters arising

The Chairman noted three matters arising from the minutes which had not been picked up in the action tracker at agenda item 4:

- The update on the bow-wave would come to the December meeting
- The joint budget and corporate plan road map would be addressed later in the meeting
- The Efficiency and Performance Working Group would be considering the issue of spending within budgets

4. **ACTION TRACKER**

Members received a report of the Town Clerk providing the Committee's action tracker.

RESOLVED, that – the report be received and its contents noted.

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

Members received a report of the Chamberlain providing the Committee's forward plan.

RESOLVED, that – the report be received and its contents noted.

6. **PROJECT GOVERNANCE REVIEW – KEY FINDINGS AND PROPOSALS FOR NEW APPROACH**

Members received a report of the Chief Operating Officer concerning the project governance review.

RESOLVED, that – Members authorise the Chamberlain to amend the Financial Scheme of Delegation and Finance Regulations as necessary.

7. **ANNUAL TERMS OF REFERENCE REVIEW**

Members received a report of the Town Clerk relative to the Committee's terms of reference.

The Chairman informed Members that he and the Deputy Chairman felt that the composition of the Projects and Performance Sub-Committee should remain the same as the former Operational Property and Projects Sub-Committee until its reappointment in May 2024, with Alderman Timothy Hailes remaining as Chair until that time. This continuity was to ensure a smooth transition during a significant time of change in the City Corporation's project management approach.

The Chairman also suggested to Members that the size of the sub-committee be reduced to eight after April 2024, being a more sensible number, including representatives from the Digital Services and Port Health and Environmental Services Committees as the largest procurers. The Town Clerk undertook to consult with the relevant officers to consider the future composition of the sub-committee and return with proposals before April 2024.

Members requested that officers be consistent in terminology and dates in reports.

RESOLVED, that – Members:

- a) Confirm that the composition of the Projects and Procurement Sub-Committee remains the same as the former Operational Property and Projects Sub-Committee until the reappointment of sub-committees in May 2024, with Alderman Timothy Hailes remaining as Chair
- b) Note the revised terms of reference for the Finance Committee and for the Projects and Procurements Sub-Committee.

8. CITY FUND AND PENSION FUNDS STATEMENT OF ACCOUNTS UPDATE

Members received a report of the Chamberlain providing an update on the Statement of Accounts for City Fund and Pension Fund.

Members noted that a briefing session would be held on 27 September. The output from this session would form part of the Chamberlain's delegation.

The Chairman thanked the Financial Services Director and her team for their work on resolving the issues on the 2020/21 accounts.

A Member noted that the Local Government Pensions Board had previously had sight of reports concerning the Pension Fund Statement of Accounts. Officers confirmed that the report was on the agenda for the following meeting of that Board, with the Pensions Committee also kept informed.

The Chamberlain clarified that a significant change meant a material change, which currently was regarded as an amount exceeding £5m.

Resolved, that – Members:

- a) Note the progress made on the 2020/21 accounts.
- b) Consider the Audit Progress Report 2021/22 as set out in Appendix 2.

- c) Note the responses from Management as per Appendix 3 and Appendix 4.
- d) Authorise the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to approve any significant changes to the 2021/22 Statement of Accounts that may be necessary before the issuance of the audit opinion by GT, expected by the end of September 2023

9. CITY ASSESSMENT CENTRE – PROCUREMENT STAGE 2 AWARD REPORT

Members received a joint report of the Executive Director, Department of Community and Children’s Services and the Chief Operating Officer.

RESOLVED, that – Members:

- a) Approve the award of the contract to Thames Reach for a period of three years, from January 2024 at a value of £1,485,000, (plus the potential to extend for a further two years, at a total value of £2,475,000).
- b) Delegate the authority for the decision to extend the contract to the Department of Community and Children’s Services (DCCS) Category Board.

10. FUNDING FOR EPPING FOREST CRITICAL HEALTH & SAFETY WORKS TO KNOWN DANGEROUS TREES

Members received a report of the Interim Executive Director, Environment Department.

The Chamberlain confirmed that this request was being taken through contingencies rather than the carry-forward procedure as charities could only carry-forward underspends. Epping Forest’s underspend had not been sufficient to cover the request. Any carry-forward would therefore have needed to be taken from another charity’s underspend, which she felt would have been inappropriate.

RESOLVED, that – Members approve the bid of £210k in relation to critical H&S work required to known dangerous trees at Epping Forest within financial year 2023-24, financed from City’s Cash contingency for 2023-24.

11. CENTRAL CONTINGENCIES

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

The Chairman informed Members of a recommendation from the Central Grants Unit concerning appeals launched by the British Red Cross in Morocco and Libya.

RESOLVED, that – Members note the report on Contingency Funds and approve a donation of £25,000 each to the following:

- a) Morocco Earthquake Appeal

b) Libya Flood Appeal

12. **CHAMBERLAIN'S BUSINESS PLAN QUARTER 1 2023/24 UPDATE**
Members received a report of the Chamberlain providing an update the Chamberlain's Business Plan.

RESOLVED, that the report be received and its contents noted.

13. **CITY RE LIMITED – PERFORMANCE MONITORING**
Members received a report of the Chamberlain concerning performance monitoring for City Re Limited.

RESOLVED, that the report be received and its contents noted.

14. **EMPLOYEE RIGHTS ACT**
Members received a report of the Remembrancer concerning the Employee Rights Act.

The Town Clerk informed the Committee that this report had been included on the agenda in error.

RESOLVED, that – Members note the withdrawal of this item.

15. **CHAMBERLAIN'S DEPARTMENTAL RISK MANAGEMENT UPDATE**
Members received a report of the Chamberlain providing an update regarding the top risks within the Departmental Risk Register.

RESOLVED, that - the Committee notes the report.

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

There were no questions.

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

There were no urgent items.

18. **EXCLUSION OF THE PUBLIC**

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

Item No.

Paragraphs in Schedule 12A

16-24, 26, 27

3

25

1 and 3

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

The non-public minutes of the meeting held on 18 July 2023 were approved as an accurate record.

The Chairman welcomed Daniel Peattie, who was joining the Chamberlain's Department as the Assistant Director for Strategic Finance.

20. **CORPORATE SECURITY SERVICES - PROCUREMENT STAGE 1 REPORT**
Members received a report of the City Surveyor concerning procurement for a new security services contract.
21. **FUNDING FOR OPN REPLACEMENT PROJECT/ MRI HORIZON**
Members received a report of the City Surveyor concerning funding for a property management system.
22. **RISK MANAGEMENT UPDATE THE CITY OF LONDON CHARITIES POOL (1021138)**
Members received a report of the Chamberlain providing an update on risk management for the City of London Charities Pool.
23. **WRITE-OFF OF OUTSTANDING DEBT – FRESH N FRUITY (UK) LTD**
Members received a report of the Chief Operating Officer concerning the outstanding debt of a New Spitalfields trader.
24. **COVERING REPORT ON MAJOR PROJECTS – HIGH LEVEL FORECASTS AND CASH FLOW**
Members received a joint report of the Chamberlain and the Chief Operating Officer concerning forecasts and cashflow for major projects.
25. **PROVISION FOR BAD AND DOUBTFUL DEBTS AT 31ST MARCH 2023**
Members received a report of the Chamberlain concerning provisions for bad and doubtful debts.
26. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Members received a report of the Town Clerk concerning a non-public decision taken under urgency procedures since the last meeting.
27. **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.
28. **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.
29. **FINANCIAL SERVICES DIVISION RECRUITMENT UPDATE**
Members received a report of the Chamberlain providing an update on recruitment in the Financial Services Division.

The meeting ended at 2.16 pm

Chairman

Contact Officer: Ben Dunleavy ben.dunleavy@cityoflondon.gov.uk

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FINANCE COMMITTEE – Action Tracker – November 2023

Items from meeting held 16 May 2023		
ITEM	Action	Officer and target date
9. FINANCE COMMITTEE'S FORWARD PLAN	City's Cash statement of accounts - most likely be presented to the November Committee rather than September.	Chamberlain – November
12. RISK MANAGEMENT UPDATE	<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"> ○ Sequencing with the development of the Local Plan. A new viability study to support the Local Plan, which will provide a picture of any potential 'headroom' to be completed mid-Autumn; public examination is anticipated to be in the Autumn 2024 ○ Considering the merits of undertaking a CIL review in advance of the new Infrastructure Levy – or alternatively seeking to partake in the new Levy pilots ○ Resourcing considerations. <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>

Items from meeting held 19 September 2023		
ITEM	Action	Officer and target date

FINANCE COMMITTEE – Action Tracker – November 2023

7. ANNUAL TERMS OF REFERENCE REVIEW	Consider the composition of the Projects and Procurement Sub-Committee	Town Clerk – April 2024
21. FUNDING FOR OPN REPLACEMENT PROJECT/ MRI HORIZON	Return update in 3 months on lessons learnt and assurances re ERP	City Surveyors and Chamberlains – January 2024
23. WRITE-OFF OF OUTSTANDING DEBT – FRESH N FRUITY (UK) LTD	Short report in December on lessons learned	Chief Operating Officer - December

Other items		
ITEM	Action	Officer and target date
REVIEW OF THE FINANCIAL REGULATIONS	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
SERVICE CHARGES	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

FINANCE COMMITTEE – WORK PROGRAMME 2023-24

	Nov-23	Dec-23	Jan -24	Feb-24	Mar-24	Apr-24	May-24	June-24	July-24
Budget Setting Process & Medium-Term Financial Planning		Autumn Budget Finance Committee's Estimate report	2024/25 Annual Capital Bids	City Fund Budget Report and Medium-Term Financial Strategy City Cash Budget report and Medium-Term Financial Strategy					Update on Budget setting 24/25
Effective Financial Management Arrangements for The City Corporation Page 19	Q2 Budget monitoring Business rate valuations Draft funding strategy to support Major Projects programmes.	Capital Projects – Forecasting Update on Use of Interims (Consultants) Update of Finance Regulations -Deep Dive Financial Strategy for Bow-wave of Cyclical Works Financial Services Division Recruitment Quarterly Update	Rental Income and Business Rates Update Finance Committee Estimates report. <i>ERP – lessons learnt/budget. (TBC</i>	Q3 Budget monitoring Irrecoverable Non-Domestic Rates	Getting Best Value from our low-value spend - 12 months from April. Outcome of Finance Regulations Review Financial Services Division Recruitment Quarterly Update	Update of Finance Regulations		Financial Services Division Recruitment Quarterly Update	Revenue Outturn report 23/24 Provisional Outturn report 23/24
Financial Statements	City's cash financial statements Sundry trust funds annual reports and financial statements City Fund and Pension Fund Statements update								
Finance Committee as a Service Committee	Risk Management Update Report Chamberlain's Business plan Q2 report	Central Contingencies (Quarterly report) Risk Management Update Report	Risk Management Update Report Chamberlain's Business plan Q report Draft 2024-25 CHB Business Plan	Risk Management Update Report	Central Contingencies (Quarterly report) Risk Management Update Report	Risk Management Update Report Chamberlain's Business plan Q report	Risk Management Update Report	Risk Management Update Report Central Contingencies (Quarterly report)	Risk Management Update Report Chamberlain's Business plan Q report

<p style="text-align: center;">Other Departments reports</p> <p style="text-align: center;">Page 20</p>	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)	MPO Dashboard Reporting (COO)
	Project Procedure updates (COO)	Funding for OPN Replacement Project/ MRI Horizon (CS)	Lesson						
	Extension of the Managed Service Temporary Agency Resource Contract (COO)	Lessons learnt - Write-off of Outstanding Debt – Fresh n Fruity (UK) Ltd (COO)							
	Compliant committee waiver report for a combined In-Patient Detoxification (IPD) and stabilisation service for London (DCCS)	Prestigious sites catering service (COO)							
	Final TOM report (CSO)	Extension to Repairs and Maintenance Contracts (COO)							
	The NPCC Cybercrime Programme National Framework Agreement (CoLP)	Procurement of Purchase Card Scheme (COO)							
	Major Projects – high level forecasts and cash flow (COO)								
	Guildhall Cooling Plant Replacement (CS)								
	Low Value Spend (COO)								
	Outstanding Debt Write-Off (COO)								

PROJECTS AND PROCUREMENT SUB-COMMITTEE Monday, 16 October 2023

Minutes of the meeting of the Projects and Procurement Sub-Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Monday, 16 October 2023 at 1.45 pm

Present

Members:

Alderman Timothy Hailes (Chairman)
Deputy Madush Gupta
Caroline Haines
Paul Martinelli

Officers:

Matthew Stickley	- Town Clerk's Dept.
Daniel Peattie	- Chamberlain's Dept.
Sarah Baker	- Chief Operating Officer's Dept.
Matthew Miles	- Chief Operating Officer's Dept.
Kayleigh Salisbury	- Chief Operating Officer's Dept.
Genine Whitehorne	- Chief Operating Officer's Dept.

1. APOLOGIES

Apologies for absence were received from Deputy Shравan Joshi, Deputy Keith Bottomley, Deputy Christopher Hayward, Deputy Charles Edward Lord, Deputy Philip Woodhouse, Anett Rideg, and Tom Sleigh, who joined the meeting online.

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

There were no declarations of interest.

3. MINUTES

RESOLVED: That the public minutes and summary of the meeting held on 16 October 2023 be approved as an accurate record.

4. PROJECT MANAGEMENT IMPLEMENTATION UPDATE

The committee received a report of the Chief Operating Officer concerning implementation of revised project management practices.

The Chairman advised the committee that he expected the new portfolio approach to be implemented and embedded by the new civic year and for the gateway process of the current project management process to have been revised. The Chairman further explained that it was important to note that the new approach would: recognise the primacy of service committees in managing projects; recognise the role of the Projects and Procurement Sub Committee in ensuring oversight of strategic decisions and risks, and the performance of the

portfolio of projects; the proposed timeline for the implementation of these revised processes; and the need for increased delegated authorities to officers being contingent on the successful implementation and performance of the new project management processes.

In response to questions, officers confirmed that projects would no longer be solely capital funded but also revenue funded and that the introduction of Transformation and Commercial Opportunities Groups would support these changes. The committee discussed the opportunities for transformation and commercial projects, including the Lord Mayor's Show, at which point the Chairman advised the committee that he was Chairman of Lord Mayor's Show Limited.

The committee discussed the eventual replacement of project management software, the criteria by which projects were classified as at risk, the introduction of a Members' group to develop the project management arrangements, and the need for officers and Members to support the new arrangements.

The committee noted the revised staffing structure for teams which would support project management, the integration of project governance and commercial teams, and the portfolio of projects the Project Management Office was aware of, which officers confirmed was 355.

The committee noted the public gateway reports which had been shared in a supplement to the committee.

RESOLVED: To note the updates provided in the report.

5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE**

There were no questions.

6. **ANY URGENT BUSINESS**

There was no urgent business.

7. **EXCLUSION OF THE PUBLIC AND PRESS**

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

8. **NON-PUBLIC MINUTES**

RESOLVED: That the non-public minutes and summary of the meeting held on 16 October 2023 be approved as an accurate record.

9. **PROJECT PORTFOLIO OVERVIEW**

The committee received a report of the Chief Operating Officer concerning the Corporation's portfolio of projects.

10. **GETTING BEST VALUE FROM LOW VALUE SPEND**
The committee considered a report of the Chief Operating Officer concerning the proposed award of a contract for low value spend works.
11. **GW3/4: REFURBISHMENT OR REPLACEMENT OF THE FORESHORE RIVER**
The report was received under item 9 – Project Portfolio Overview – and was noted.
12. **NON-PUBLIC QUESTIONS RELATING TO THE WORK OF THE SUB COMMITTEE**
There were no questions.
13. **NON-PUBLIC ANY URGENT BUSINESS**
There was no urgent business.
14. **CONFIDENTIAL QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE**
There were no questions.
15. **CONFIDENTIAL ANY URGENT BUSINESS**
There was no urgent business.

The meeting ended at 2.35 pm

Chairman

**Contact Officer: Matthew Stickley, Governance and Member Services Manager
Matthew.Stickley@cityoflondon.gov.uk**

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Agenda Item 7

Committee(s): Audit and Risk Management Committee – For decision Finance Committee – For decision	Dated: 06/11/2023 08/11/2023
Subject: 2022-23 City's Cash Financial Statements	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Decision
Report author: Daniel Peattie, Assistant Director – Strategic Finance	

Summary

The Revised Annual Report and Consolidated Financial Statements for the City's Cash, for the year ended 31 March 2023, are attached in Appendix 2 for approval. This revised version incorporates three significant changes identified during the audit of the accounts submitted in September 2023. These changes are discussed in further detail in paragraph 1 below.

In addition, the 9 Annual Reports and Financial Statements of the Open Spaces and sundry trusts charities which are consolidated within the City's Cash accounts (listed at paragraph 2 below) are attached at Appendix 3 for approval.

The key points in the consolidated financial statements are:

- a net deficit for the period of £328.4m, which includes gains in fair value of non-property investments (£3.9m) and losses in fair value of property investments (£216.2m) as shown in the Consolidated Statement of Comprehensive Income on page 19. It's important to note that the financial statements and the budget cannot be directly compared due to differences in their construction methods. However, when compared to the budgeted net deficit of £71.4m, the actual outcome, when adjusted for these differences, is a more favourable net deficit of £55.7m. This represents a favourable movement of £15.7m in the net deficit, when compared to the budgeted figure, which can be attributed to the planned use of reserves. Further information can be found in paragraph 15, as well as in Appendix 1;
- total net assets of £2,827.2m, a decrease of £18.2m (0.6%) since last year. The net asset position is taken after deducting the total pensions liability of £65.6m and the outstanding long term loan liabilities of £449m. This increase is largely due to a reduction in the net pension liability of £283m (the £18.2m is shown in the Consolidated Statement of Changes in Equity on page 21);

- financial commitments relating to City's Cash are disclosed in the notes to the financial statements and are summarised as follows:
 1. the potential contribution of £50m from City's Cash towards the Crossrail Project (page 50, point c); and
 2. Barking Reach Power station work (£18.0m), refurbishment of 213-215 Tottenham court Road (£2.7m) and Smithfield Annexe refurbishment (£1.6m) (page 50, point a); and

No significant matters are noted in the individual financial statements of the 9 consolidated charities. As in previous years the majority of the charities' income was from City's Cash grants, although income from other sources increased in the year.

Recommendation(s)

The **Audit and Risk Management** Committee is requested to:

- **Consider** the contents of the Draft City's Cash Initial Audit Findings Report 2022-23 issued by Crowe UK LLP as set out in Appendix 4; and
- **Recommend** approval of the 2022-23 City's Cash Financial Statements, and the financial statements of each of the 9 consolidated charities, for the year ended 31 March 2023 to Finance Committee.

The **Finance Committee** is requested to:

- **Consider** the contents of the Draft City's Cash Initial Audit Findings Report 2022-23 issued by Crowe UK LLP as set out in Appendix 4;
- **Consider** the resolution from the Audit and Risk Management Committee and, if appropriate, **approve** the 2022-23 City's Cash Financial Statements, and the financial statements of each of the 9 consolidated charities, for the year ended 31 March 2023, to be signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.;
- **Authorise** the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to approve any material changes to the statement of accounts and annual reports and financial statements required before the signing of the audit opinion by Crowe UK LLP – which is expected by the end of November 2023 for City's Cash consolidated financial statements, and for the consolidated charities.

Main Report

Current Position

1. The Revised 2022-23 Annual Report and Consolidated Financial Statements for City's Cash, as presented in Appendix 2, are submitted for approval. This revised version incorporates three significant changes identified during the audit of the accounts submitted in September 2023:
 - Double counting of school's income (£4.7m) – during audit testing of education income back to the accounts, it was discovered that £4.7m of education income was incorrectly double counted in both income and reserves. This error has been rectified in the revised financial statements.
 - Missing depreciation charge (£0.7m) – audit of City's Cash fixed assets revealed an omission in the depreciation charge. Several tangible fixed assets were identified as not being depreciated, leading to an overstatement of the value of tangible fixed assets in the statement of financial position. The missing depreciation charge of £0.7m has been appropriately accounted for in the revised financial statements.
 - Double counting of investment properties (£84.3) – during a review of investment properties uncovered an error in the recognition of valuations for in-year additions. These valuations were erroneously recognised separately, resulting in an overstatement of the value of investment properties in the statement of financial position by £84.3m. This misstatement has been rectified, and the corrected valuation is reflected in the revised financial statements.
2. The Annual Reports and Financial Statements for each of the consolidated charities for the same period are attached at Appendix 3 for approval. The 9 charity financial statements are listed below with their charity numbers, and are made up of the Open Spaces and other consolidated sundry trusts:
 - i. Ashtead Common (registered charity no. 1051510)
 - ii. Highgate Wood and Queen's Park Kilburn (registered charity no. 232986)
 - iii. West Ham Park (registered charity no. 206948)
 - iv. Hampstead Heath Charity (registered charity no. 803392), incorporating the linked charity the Hampstead Heath Trust Fund (registered charity no. 803392-1)
 - v. Sir Thomas Gresham Charity (registered charity no. 221982)
 - vi. Keats House (registered charity no. 1053381)
 - vii. Burnham Beeches and Stoke Common (registered charity no. 232987)
 - viii. Epping Forest (registered charity no. 232990)
 - ix. West Wickham Common and Spring Park Wood (registered charity no. 232988) & Coulsdon and Other Commons (registered charity no. 232989)
3. Our auditors have provided a draft initial audit findings report reflecting progress and outstanding items as at the time of writing, which largely revolves around a few outstanding areas of fieldwork and their internal review processes (see page 5 of Appendix 4). An update will be provided at the Audit and Risk Management

Committee on further progress made, highlighting any further issues identified outside those included in the audit finding report. Representatives from Crowe UK LLP will attend the Audit and Risk Management Committee to present their report and to clarify any points or issues.

4. Members will be aware that in order to comply with the covenants in the private placement Note Purchase Agreement, the audited City's Cash consolidated financial statements along with an opinion that states that such financial statements give a true and fair view of the financial position of City's Cash, must be submitted to the private placement lenders as soon as they become available but in any event within 270 days after the end of each financial year (i.e. by 26 December).
5. The 9 sets of charity financial statements must be submitted to the Charity Commission within 10 months of their financial year end, i.e. by 31 January 2024.

Other significant items in City's Cash disclosure notes (pages 31 to 58)

Loans

6. In August 2019, the City issued debt totally £450m via private placement of which £250m was received in September 2019 with the remaining £200m being received in July 2021 (page 43).
7. Interest expense in 2022-23 amounted to £10.5m (2021-22: £9.2m). In addition, there were transaction costs of £1.1m which have been capitalised to the loan account and shall be amortised over the life of the loans.

Financial Commitments (page 50)

8. Contribution to Crossrail - the potential contribution of £50m from City's Cash towards the Crossrail Project has been disclosed as a financial commitment in both the annual report and the notes to the financial statements.
9. Contract commitments – Barking Reach Power station work (£18.0m), refurbishment of 213-215 Tottenham court Road (£2.7m) and Smithfield Annexe refurbishment (£1.6m).

Highlights from the Consolidated Statement of Comprehensive Income

Comparison with Previous Year

10. A summary of the Consolidated Statement of Comprehensive Income for the year ending 31 March 2023 is shown below. A deficit of £328.4m was achieved for the year, a negative movement of £434.9m from the £106.5m surplus in the previous year. Details of the movements from the previous year are described below.

	31/03/2023 £m	31/03/2022 £m	Variance £m
Operating deficit before gains in fair value of investments	(124.3)	(97.6)	(26.7)
Gain/(Loss) in fair value of property investments	(216.2)	124.2	(340.4)
Gain/(Loss) in fair value of non-property investments	3.9	69.0	(65.1)
Operating surplus/(deficit)	(336.6)	95.6	(432.2)
Profit/(Loss) on sale of fixed assets	8.9	35.9	(27.0)
Loan financing costs	(10.5)	(9.2)	(1.3)
Surplus/(Deficit) before taxation	(338.2)	122.3	(460.5)
Taxation	0.0	0.0	0.0
Deferred taxation	9.8	(15.8)	25.6
Surplus/(Deficit) for the year	(328.4)	106.5	(434.9)

11. The unfavourable movement in the operating deficit (before gains in fair value of investments) for the year of £26.7m (from £97.6m in the prior year to £124.3m) is largely due to:

- An increase in net expenditure on education of £1.4m from £15.5m in 2021-22 to £16.9m in 2022-23. The rise in expenditure has been partially offset by increased income primarily due to the opening of the City Junior School in September 2022.
- Net expenditure on Markets increasing by £29.2m from £5.9m in 2021-22 to £35.1m in 2022-23 largely due to increased costs to facilitate the Markets Consolidation Programme.
- Net income relating to investments reducing by £2.5m, from £35.8m in 2021-22 to £33.3m in 2022-23, due to the ongoing redevelopment and refurbishment of investment properties across the portfolio, the continued move to turnover rents, and outstanding rent certificates. This has been offset by a reduction of £2.2m to the bad debt provision from £5.3m in 2021-22 to £3.1m in 2022-23 to reflect the decrease in outstanding debt compared to the prior year.
- Net expenditure on Management and Administration increasing by £2.1m from £8.8m in 2021-22 to £10.9m in 2022-23 primarily due to increased support and governance costs.

These cost increases were offset by:

- Net pension scheme costs decreasing by £8.6m, from £35.4m in 2021-22 to £26.8m in 2022-23. This is due to a decrease in service costs and a reduction in losses on settlements and curtailments. Employers' contributions also decreased in year.
- Increase in general income from charges for use of facilities and licences, following a busy 2022 summer, in part due to good weather, improved position by £1.4m.

Movements in fair value of investments

12. The fair value from property investments reducing from a gain of £124.2m in 2021-22 to a loss of £216.2m in 2022-23, an adverse movement of £340.4m. This loss reflects inflationary pressures against the backdrop of faltering economic growth and continued concerns over the cost of high energy costs, following the ongoing war in Ukraine. There is a risk that continued volatility, coupled with changes in debt costs, will have a direct impact on pricing as yields continue to evolve. There remains evidence of wide bid spreads, price renegotiations and transactions taking a long time to complete, which all add to the market dynamics. Additionally, there was also a substantial loss in the value of land at Barking Power Station.
13. A reduced gain in the fair value of non-property investments of £65.1m from £69.0m in 2021-22 to £3.9m in 2022-23. This decline in the value of the portfolio's investments has been directly impacted as a result of the Bank of England's tightening monetary policy in the latter part of the year following the impact of the then Chancellor's mini-budget. Investment values have yet to recover following the downturn in financial markets but positive growth is anticipated during future periods.
14. After the operating deficit of £336.6m (2021-22: surplus of £95.6m) there was a profit on the disposal of fixed assets of £8.9m (2021-22: profit of £35.9m), a reduction of £27.0m on the previous year. In addition, there were loan financing costs of £10.5m (2021-22: £9.2m), an increase of £1.3m on the previous year due to ongoing interest repayments as the full £449.0m loan the City Corporation has agreed to support the funding of the major capital projects it is undertaking was received in 2021-22.

Comparison with Budget

15. The financial statements and the budget are not directly comparable due to differences in the way in which the two documents are constructed¹. However, compared to a budgeted net deficit of £71.4m as detailed in Appendix 1: City's Cash consolidated - Comparison with Budget on a Committee Basis, the outturn on a like for like basis is a net deficit of £55.7m, favourable movement of £15.7m.

¹ the budget includes the draw-down from non-property investments, whereas the Consolidated Statement of Comprehensive Income (CSoCI) does not as this is a transfer between investments and cash, however, the CSoCI includes the movements in fair value of investments but the budget does not account for such movements in the market value of assets. The budget also does not include accounting adjustments for holiday pay accruals and pension scheme actuarial gains or losses.

16. The net £15.7m better than budget position is largely due to slippage of supplementary revenue projects (SRP) of £2.9m and unspent contingencies of £15.5m.

Consolidated Charities Summary

17. The consolidated charities' total income across all charities for 2022-23 was £26.2 (2021-22: £23.6m), of which £16.2m (2021-22: £14.9mm) came from grants from City's Cash, with the remainder from investments (£1.6m, mainly the Hampstead Heath Trust Fund), charitable activities (£6.6m) and a small amount from donations and other grants (£1.8m). The main reasons for the overall increase in income, were an increase in the City's Cash Grant as a result of cyclical works programmes which had been on pause or deferred due to covid-19 lockdowns, alongside an increase in income from both charitable activities and donations and grants as a result of an increased focus on generating income across the charities and with a whole year without the impact of restrictions from covid-19 lockdowns. The net assets of the 9 charities at 31 March 2023 was £66.3m, of which £55.2m related to Hampstead Heath and the Hampstead Heath Trust Fund.

18. Of the 9 annual reports and financial statements, 6 were subject to a full audit and 3 (Keats House, Sir Thomas Gresham Charity, and Ashted Common) were independently examined due to the size of the charities.

Consolidated Statement of Financial Position

19. City's Cash net assets total £2,827.2m as at 31 March 2023 compared to £2,845.4m a year earlier reflecting the £18.2m loss recognised for the year as set out in the following table:

	31/03/2023 £m	31/03/2022 £m	Variance £m
Surplus/Deficit) for the year	(338.2)	122.3	(460.5)
Unrealised gains/(losses):			
Deferred taxation	9.8	(15.8)	25.6
Actuarial (loss)/gain on defined benefit pension schemes	310.2	109.5	200.7
Net (decrease)/increase in funds	(18.2)	216.0	(234.2)

20. The deferred tax position relates to Barking Power Station Limited, which is consolidated into the City's Cash accounts as a subsidiary.

21. The actuarial gain on defined benefit pension schemes is mainly due to change in assumptions underlying the present value of the pension liabilities.

Approval of the Financial Statements

22. It is recommended that the Finance Committee approve the City's Cash Financial Statements for the 2022-23 fiscal year, along with the financial statements of the 9 consolidated charities, taking account of any observations from the Audit and Risk Management Committee on 6 November 2023. Additionally, the Committee should authorise the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to approve any significant changes to the accounts and annual reports before the audit opinion, anticipated by the end of November 2023, is signed by Crowe UK LLP for both the City's Cash consolidated financial statements and the consolidated charities.

Daniel Peattie

Assistant Director – Strategic Finance

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Appendices

- Appendix 1 – City's Cash consolidated - Comparison with Budget on a Committee Basis
- Appendix 2 – City's Cash Annual Report and Financial Statements 2022-23
- Appendix 3a – Ashted Common 2022-23
- Appendix 3b – Highgate Wood and Queen's Park Kilburn 2022-23
- Appendix 3c – West Ham Park 2022-23
- Appendix 3d – Hampstead Heath Charity incorporating Hampstead Heath Trust Fund 2022-23
- Appendix 3e – Sir Thomas Gresham Charity 2022-23
- Appendix 3f – Keats House 2022-23
- Appendix 3g – Burnham Beeches and Stoke Common 2022-23
- Appendix 3h – Epping Forest 2022-23
- Appendix 3i – West Wickham Common and Spring Park Wood & Coulsdon and Other Commons 2022-23
- Appendix 4 – Draft City's Cash Initial Audit Findings Report 2022-23

Background Papers

None

Committee: Finance Committee	Date: 8 November 2023
Subject: Sundry Trusts Annual Report and Financial Statements 2022/23	Public
Report of: CBF & Charities Finance Director (representing the Chamberlain)	For Decision
Report author: Julia Megone, Charities Technical and Strategic Finance Manager, CBF & Charities Finance Team	

Summary

This report seeks approval for the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2023, listed at **Appendix 1**.

There are 15 Annual Reports and Financial Statements relating to the Sundry Trusts of which the City Corporation is Trustee, or otherwise had rights of nomination or appointment of the majority of trustees. The Finance Committee approves the 11 financial statements of charities where the Corporation is Trustee, which are set out at **Appendix 1**.¹

Of the 11 charities, 3 annual reports and financial statements are audited by Crowe U.K. LLP, 4 are subject to an independent examination by Crowe U.K. LLP (“Crowe”), and 4 are below the threshold for either an audit or an independent examination.

The draft annual report and financial statements for each charity for the year ended 31 March 2023 are attached at **Appendix 2** for approval.

Crowe’s work across the charities remains in progress at the date this report was submitted (October 2023). Although some adjustments and control points have been raised, we understand that Crowe currently intend to issue an unqualified opinion (audit) or unmodified report (independent examination) for each annual report.

Recommendations:

The Finance Committee is asked to:

- (i) Consider the contents of the audit management report issued by Crowe (comments related to these charities are included within the paper covering City’s Cash);
- (ii) Note that the external auditor Crowe is anticipating giving an unqualified audit opinion for the 3 audited charity annual reports;
- (iii) Note that the independent examiner Crowe is anticipating giving an unmodified report for the 4 independently examined charity annual reports;

¹ Where charities have individual trustees, or where the Trustee is acting through the Court of Aldermen (detailed in Annex 1), the accounts will be approved by the respective trustees or the Aldermen.

- (iv) Note for information the presentation of 4 annual reports which are not subject to either audit or independent examination (at **Appendix 2**);
- (v) Consider the resolution from the Audit and Risk Management Committee and, if appropriate, approve the financial statements of the charities listed at **Appendix 1** for the year ended 31 March 2023, to be signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council;
- (vi) Delegate to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by Crowe – which is expected by early December 2023.

Main Report

1. The 2022/23 Annual Report and Financial Statements for 11 Sundry Trust charities for the year ended 31 March 2023 are presented for review.
2. The annual reports of the Sundry Trusts have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.
3. The Charity Commission requires charities to submit their annual report within 10 months of their financial year end, by 31 January 2024. A failure to meet deadlines is recorded on the charity’s page on the Charity Commission website. There are no financial penalties. In addition, the City of London Almshouses charity is regulated by the Regulator for Social Housing (RSH) with a submission deadline of 6 months from the financial year end, being 30 September 2023. Due to the timing of the audit across the wider City Corporation, this deadline has not been met but the regulator has been informed and no financial penalties are issued.
4. There are 11 annual reports and financial statements relating to the Sundry Trusts of which the City Corporation is Trustee. A summary of the required assurance provided by Crowe is provided in the table below:

Type of review	Number of sundry trust charities
Audit	3
Independent examination	4
No review required	4

Audit Opinion

5. The external auditor (Crowe) is expected to give an unqualified opinion on the annual reports and financial statements of the 3 Sundry Trust charities subject to an audit.

6. For the 4 sets of annual reports and financial statements which are subject to an independent examination, the independent examiner (Crowe) is not expected to modify their report. An independent examination offers negative assurance, that no evidence has been found that the accounts have not been prepared properly, as opposed to an audit opinion that confirms that the accounts show a “true and fair” view.
7. With work still in progress, the initial audit findings for the audited charities have been included in the report to Audit & Risk Management Committee covering City’s Cash and Other Charities of the City of London. A number of findings were identified as part of Appendix 2 ‘Systems and Controls’:
 - a. A recommendation that the threshold for journals review is lowered for the charities in proportion to the scale of the transactions reported in the charity accounts. Management note other compensating controls and confirm that the current review and authorisation limits are adopted to ensure a consistent approach across all activities of the City Corporation that all staff can follow and implement effectively. Due to the range of entities covered by this framework, introducing local variances to the process would be confusing and would increase the risk of the control framework not being appropriately implemented.
 - b. A recommendation that the capitalisation policy is amended and lowered for the charities to reflect their size. Management response, in line with the above, is that the charities’ capitalisation policies are consistent with the wider City of London Corporation approach. This ensures clarity, consistency and reduces the risk of confusion which could undermine the wider control framework if localised/individual policies were applied to each of the large number of different entities encompassed within City Corporation systems and processes.
 - c. A recommendation that management prepare and review monthly management accounts. Management note that in light of the charities’ size and operations, monthly reporting would be excessive, but confirm that a review of management information provided is underway, including (where reporting is in place already) consideration of the format and content of these reports.
8. In addition to the above, as highlighted in paragraph 3.10 of the findings report there is ongoing work relating to the COL Almshouses which has resulted in the identification of an accounting adjustment and prior year adjustment in respect of capital works on the almshouses, as well as proposed additional narrative disclosures as an entity regulated by the RSH. The attached financial statements will be updated for these changes before signing but finalised changes have not yet been agreed with Crowe and therefore the version attached represent the original draft accounts.
9. We are not aware of any other significant accounting adjustments, changes to the financial statements, or deficiencies in internal control that have been identified in relation to these charities.

Summary of the financial statements

10. The Sundry Trust charities are listed at **Appendix 1**. Notable activities in the year included:
 - a. Notable distribution of grants and charitable funds, including the CLSG Bursary Fund which awarded over £1m in bursaries; Emanuel Hospital charity which committed over £655k in grants for the benefit of the elderly in London; the City of London Combined Education Charity which confirmed 2 new grants totalling £500k for bursary schemes for London students; and the Combined Relief of Poverty charity which made an £83k grant to provide a food pantry service in the City of London. The Samuel Wilson's Loan Charity issued 11 new loans totalling £327k to support young entrepreneurs in London and surrounding counties to further their businesses.
 - b. For those charities which hold investments, all of which are managed through the City of London Charities Pool (with the exception of the investments of the Sir William Coxen Trust Fund), valuations had reduced at 31 March 2023 compared to at 31 March 2022, resulting in unrealised losses being recognised across these charities. Investment income also declined slightly compared to 2021/22 across these charities.

Progress and Submission of Signed Annual Reports and Financial Statements

11. Crowe's work remains in progress, with review of the annual reports and some areas of audit work ongoing. It is anticipated that the audits will be concluded satisfactorily to enable Crowe to issue unqualified opinions/unmodified reports as stated in paragraph 6 of this report.
12. Crowe representatives will attend Audit and Risk Management Committee on 6 November 2023 to present their completion report, update on the status of the audits and to clarify any points or issues raised.
13. Each set of signed annual reports will be submitted to the Charity Commission and will be available to download from its website. The final management report from Crowe on its audit will be presented to the Court of Common Council for information.

Approval of the Financial Statements

14. It is recommended that the Finance Committee approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 6 November 2023.

Conclusion

15. The draft annual reports and financial statements of 11 Sundry Trust charities are presented for approval. At the date of this report, no modifications to audit or independent examiner reports are expected, with Crowe still needing to complete work on all charities subject to audit or independent examination.

Appendices

Appendix 1: List of the Sundry Trust charities, including charity registration numbers and a note of those charities with individual trustees

Appendix 2: Annual Reports and Financial Statements of the Sundry Trust charities recommended for approval and signing

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Amber Ijaz (maternity cover for Julia Megone)

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Appendix 1

SUNDRY TRUSTS

The Corporation is Trustee of the charities listed below, for which the financial statements are presented for approval and signature:

Audited entities

1. The City of London Charities Pool (charity no. 1021138)
2. City of London School for Girls Bursary Fund and the City of London School for Girls Scholarships & Prizes Fund (charity nos. 276251 and 276251-5; one set of financial statements for these linked charities)
3. City of London Almshouses (charity no. 1005857)

Entities subject to independent examination

1. City of London School Bursary & Awards Fund (charity no. 276654)
2. City Educational Trust Fund (charity no. 290840)
3. City of London Freeman's School Bursary Fund (charity no. 284769)
4. City of London Combined Education Charity (charity no. 312836)

Entities where no audit or independent examination is required

5. King George's Field (charity no. 1085967)
6. Guildhall Library Centenary Fund (charity no. 206950)
7. City of London Combined Relief of Poverty (charity no. 1073660)
8. Charities administered in connection with the City of London Freeman's School (23 separate charities) (charity no. 312120)

For information:

*In addition to the above charities, financial statements and annual reports are also prepared for the following sundry trusts for which the Trustee is other than the Corporation. Charities marked with a (**) have individual trustees; for the charity marked with (***) the Corporation is Trustee acting through the Court of Aldermen.*

Entities subject to independent examination

1. Emanuel Hospital (charity no. 206952) ***
2. Sir William Coxen Trust Fund (charity no. 206936) **
3. Samuel Wilson's Loan Charity (charity no. 206964) **

Entities where no audit or independent examination is required

4. Vickers Dunfee Memorial Benevolent Fund (charity no. 238878) **

Agenda Item 9

Committee(s): Audit and Risk Management Committee – For information Finance Committee – For information Pensions Committee – For Information	Dated: 06/11/2023 08/11/2023 21/11/2023
Subject: City Fund and Pension Funds Statement of Accounts Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For Information
Report author: Daniel Peattie, Assistant Director – Strategic Finance	

Summary

This report provides an update on the audit of the 2020-21 and 2021-22 Statement of Accounts, and the publication and audit of the 2022-23 Statement of Accounts.

Recommendations

The **Audit and Risk Management** Committee is asked to:

- **Note** the progress made on the 2020-21 Statement of Accounts.
- **Consider** the Audit Findings Report for the City Fund 2021-22 as set out in Appendix 3.
- **Consider** the Audit Findings Report 2021-22 for the Pension Fund as set out in Appendix 4.
- **Consider** the Audit Progress Report for the City Fund 2022-23 as set out in Appendix 6.
- **Consider** the Audit Findings Report for the Pension Fund 2022-23 as set out in Appendix 7.
- **Note** the responses from Management as per Appendix 8 and Appendix 9.

The **Finance Committee** is asked to:

- **Note** the progress made on the 2020-21 accounts.
- **Consider** the Audit Findings Report for the City Fund 2021-22 as set out in Appendix 3.
- **Consider** the Audit Findings Report 2021-22 for the Pension Fund as set out in Appendix 4.
- **Consider** the Audit Progress Report for the City Fund 2022-23 as set out in Appendix 6.
- **Consider** the Audit Findings Report for the Pension Fund 2022-23 as set out in Appendix 7.
- **Note** the responses from Management as per Appendix 8 and Appendix 9.

The **Pensions Committee** is asked to:

- **Note** the progress made on the 2020-21 Statement of Accounts.
- **Consider** the Audit Findings Report 2021-22 for the Pension Fund as set out in Appendix 4.
- **Consider** the Audit Findings Report for the Pension Fund 2022-23 as set out in Appendix 7.
- **Note** the responses from Management as per Appendix 9.

Main Report

Background

1. In the last Committee meeting of September 2023, an overview of the City Fund and Pension Fund accounts was presented, encompassing the following key points:

2020-21 Accounts

2. The 2020-21 City Fund and Pension Fund accounts were submitted to the Audit and Risk Management Committee in November 2021 and later to the Finance Committee in December 2021 for approval. Despite minor unresolved matters, the audit was largely completed. The Chamberlain, in consultation with the Finance Committee Chairman and Deputy Chairman, was delegated the authority for final sign-off.
3. Delays occurred due to a late audit issue related to a disclosure note supporting the cashflow statement and a national technical accounting concern regarding infrastructure asset accounting. Resolution came with the release of temporary accounting code variations by CIPFA in January 2023.

2021-22 Accounts

4. The audit of the draft 2021-22 accounts commenced in November 2022. Revisions were necessary in February 2023 to address technical matters concerning infrastructure assets. By the time of the last update, 90% of the audit samples had been cleared by auditors.
5. Outstanding items included completing the 2020-21 accounts audit by previous auditors BDO, concerns about the appropriateness of accounting treatment for lease premia (£176.9m), and addressing the impact of the latest triennial valuation of the pension fund on the City Corporation's pension fund liabilities.
6. The City Corporation commissioned updated actuarial reports to assess the impact of the triennial valuation on the City Corporation's pension fund liability. This assessment indicated a £37.8m change in the value reported on the balance sheet. Due to the significant movement, the accounts needed to be restated. A working paper demonstrating the impact and the affected areas of the accounts was shared with the auditors. External audit procedures were undertaken to validate this conclusion using underlying data.
7. Updated actuarial reports for the Pension Fund itself were commissioned and were expected imminently.

8. The issue concerning the accounting for lease premia was largely resolved, and the City Corporation's approach was agreed upon. The auditors were in the final stages of their work in this area.
9. With the majority of the work on the 2021-22 audit completed and the 2020-21 audit opinion expected in the coming weeks, it was anticipated that Grant Thornton would be able to issue their audit opinion on the 2021-22 accounts by the end of September 2023. The Chamberlain, in consultation with the Finance Committee Chairman and Deputy Chairman, was delegated the authority for final sign-off.

2022-23 Accounts

10. The audit of the 2022-23 accounts was set to commence in September 2023. Grant Thornton's work plan for this audit of the City Fund and Pension Fund Accounts for 2022-23 was presented as a separate agenda item for the Audit and Risk Management Committee meeting on 11th September 2023.

Current Position

2020-21 Accounts

11. The latest version of the 2020-21 City Fund and Pension Fund accounts are included in Appendix 1 of this report. Apart from some minor changes to wording, this revised version incorporates one significant change to the version of the accounts last presented to Committee in November 2021:
 - Reclassification of creditors (£91.3m) – balances owed to Central Government in respect of S31 Grant for NNDR reliefs were incorrectly recognised as short-term creditors in 2020-21. These monies should have been recognised as Grants and Contributions Received in Advance. This error has been rectified in the revised financial statements and is purely a reclassification with no impact on the overall City Fund position.
12. Currently, the 2020-21 City Fund and Pension Fund accounts are undergoing BDO's internal quality review process, there have been significant delays due to:
 - a. BDO moving onto NHS audit work and not having the resources to finalise their audit opinion;
 - b. Subsequent delays have meant, queries raised by Grant Thornton during 2021/22 and 2022/23 audit work has led to further work on 2020/21.
13. As a consequence of the above, the auditors have now raised concerns around the potential impact of Reinforced Autoclaved Aerated Concrete (RAAC) on any of the assets owned by the Corporation. The Corporation have initiated a comprehensive evaluation of properties constructed with RAAC. This evaluation involved meticulous desktop exercises, visual inspections, and consultant evaluations to identify structures potentially affected by the RAAC issue.
14. As of October 2023, the inspections related to RAAC have not necessitated adjustments to the carrying amounts of property, plant, and equipment included in these financial accounts. The assessment revealed no immediate need for

impairment or significant adjustments related to the RAAC issue. The inspection process is ongoing, and further evaluations may potentially lead to adjustments.

15. Audit sign-off is anticipated by the end of October, contingent upon the outcome of ongoing evaluations.

2021-22 Accounts

16. The revised version of the 2021-22 City Fund and Pension Fund Statement of Accounts can be found in Appendix 2. This revised version incorporates six significant changes identified during the audit of the accounts:

- Balance sheet misstatement (£30m) - It was identified that the Balance sheet was misstated with Grants Received in Advance having a typo and being misstated by £30m.
- Pension liability (£37.8m) – the pension liability in the draft 2021-22 accounts was based on the triennial valuation carried out at 31 March 2019, which was the latest information available at the time. However, since publication of the draft accounts, the valuation at 31 March 2022 became available. As a result, the auditors requested revised reports, detailing what impact this updated information had on the net pension liability disclosures at 31 March 2022. The updated information highlighted a reduction in the net liability of £37.8m. This also meant that the pension schemes note relating to the LGPS scheme required updating.
- Overstatement of debtors and creditors (£2m) – this was due to coding errors when an error relating to a PO was incorrectly adjusted to the wrong Balance sheet code.
- Lease premiums (£47m) – lease premium accounting principles incorrectly applied to two key items. This resulted in an increase to the Investment property valuations by £47m. The impact of this is to increase the Authority's asset base but due to statutory accounting does not impact the City Fund balance.
- Reclassification of creditors (£131.9m) – balances owed to Central Government in respect of S31 Grant and CARF monies were incorrectly recognised as short-term creditors in 2021/22. These monies should have been recognised as Grants and Contributions Received in Advance. This error has been rectified in the revised financial statements and is purely a reclassification with no impact on the overall City Fund position.
- Revenue Expenditure Financed by Capital Under Statue (REFCUS) correction (£21m) – A review of the EFA and depreciation charges identified that £21m of REFCUS expenditure had been erroneously included within the depreciation, amortisation and impairments line in the Income and Expenditure analysed by nature disclosure note. This error has been rectified in the revised financial statements and is purely a reclassification with no impact on the overall City Fund position.

17. The majority of the audit work has been completed, and the findings have been incorporated into this version. However, as of the latest update, Grant Thornton (GT) are in the midst of their final review process and are awaiting the conclusion of the 2020-21 audit by BDO before they can conclude the 2021-22 audit.

18. The audit findings reports for 2021-22 are available in Appendices 3 and 4 (for the City Fund and Pension and respectively). GT will present a comprehensive overview during the Committee meeting. It is expected that an unqualified opinion will be issued based on the work conducted up to this point.

2022-23 Accounts

19. The updated version of the 2022-23 City Fund and Pension Fund Statement of Accounts is provided in Appendix 5. This revised version incorporates three significant changes identified during the audit of the published accounts:

- Lease premiums (£224m) – during the audit of the 2021-22 accounts, the auditors raised concerns about the appropriateness of the accounting treatment applied to lease premia by the Corporation. At that point in time officers did not have access to sufficient information to satisfy the auditors concerns and therefore the lease premium adjustments were removed from the 2022-23 accounts that were published. However, upon further investigation, officers were able to provide the auditors with detailed justification of the previous accounting treatment and therefore the lease premium adjustments have now been added back in this version of the accounts.
- Reclassification of creditors (£57m) – balances owed to Central Government in respect of S31 Grant and CARF monies were incorrectly recognised as short-term creditors in 2021-22. These monies should have been recognised as Grants and Contributions Received in Advance. This error has been rectified in the revised financial statements and is purely a reclassification with no impact on the overall City Fund position.
- REFCUS correction (£4.6m) – During the preparation of the accounts for City's Cash, officers identified that £4.6m of REFCUS expenditure relating to City's Cash had been incorrectly recognised in the City Fund accounts and were financed from the Major Projects Reserve. This error has been rectified in the revised financial statements and has resulted in an increase in a £4.6m increase in the Major Projects Reserve balance.

20. The audit process commenced in September 2023 for City Fund and is progressing smoothly. Auditors have noted significant improvements since the audit of the 2021-22 accounts. It is expected that the majority of the fieldwork will be completed by date of the Committee meeting, indicating a positive pace in the audit proceedings. The audit of the Pension Fund accounts commenced in August 2023 and has been successfully concluded, with only minor changes required, detailed in Appendix 7.

21. As part of their audit procedures, the auditors have engaged in a series of inquiries with the management regarding various aspects such as fraud and compliance with laws and regulations. The responses to these inquiries are presented in Appendices 8 and 9 (for the City Fund and the Pension Fund respectively) for your review. Members are encouraged to take note of these responses and provide any additional comments for further consideration.

Corporate & Strategic Implications

22. Strategic implications – There are no specific links to the Corporate Plan. However, the accounts assist the City Corporation in maintaining a clear and transparent dialogue regarding its activities with residents and other stakeholders.

Conclusion

23. At present, there are no remaining queries regarding the 2020-21 accounts. The external auditor is conducting final reviews of the Statement of Accounts, and an audit opinion is expected to be issued by BDO by the end of October.

24. The 2021-22 audit has now reached substantial completion. It is expected that an unqualified opinion will be issued based on the work conducted up to this point.

Daniel Peattie

Assistant Director – Strategic Finance

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Appendices

- Appendix 1 – Revised City Fund Accounts 2020-21
- Appendix 2 – Revised City Fund Accounts 2021-22
- Appendix 3 – City Fund Audit Findings Report 2021-22 (only for A&RM and Finance Cttees)
- Appendix 4 – Pension Fund Audit Findings Report 2021-22
- Appendix 5 – Revised City Fund Accounts 2022-23
- Appendix 6 – City Fund Audit Progress Report 2022-23(only for A&RM and Finance Cttees)
- Appendix 7 – Pension Fund Audit Findings Report 2022-23
- Appendix 8 – Enquiries of Management (City Fund) 2022-23 (only for A&RM and Finance Cttees)
- Appendix 9 – Enquiries of Management (Pension Fund) 2022-23

Background Papers

- Audit and Risk Management Committee – Tuesday 30th November 2021 – Item 4: City Fund and Pension Fund Statement of Accounts 2020-21
- Finance Committee – Tuesday 7th December 2021 – Item 9: 2020-21 City Fund and Pension Fund Statement of Accounts
- Finance Committee – Tuesday 25th January 2022 – Item 15a: City Fund Accounts
- Finance Committee – Tuesday 20th September 2022 – Item 7: 2020-21 City Fund and Pension Fund Statement of Accounts – Delegation of Approval
- Audit and Risk Management Committee – Tuesday 22nd November 2022 – Item 6: 2020-21 City Fund and Pension Fund Statement of Accounts Approval
- Audit and Risk Management Committee – Monday 16th January 2023 – Item 9: City Fund Audit Progress report and sector update

- Audit and Risk Management Committee – Monday 13th March 2023 – Item 7: Auditor’s Annual Report on the City of London Corporation: City Fund
- Audit and Risk Management Committee – Monday 13th March 2023 – Item 15a: Audit Progress Report
- Audit and Risk Management Committee – Monday 13th March 2023 – Item 15b: Audit Findings Report: Pension Fund
- Audit and Risk Management Committee – Monday 11th September 2023 – Item 7: City Fund and Pension Fund Statement of Accounts Update
- Audit and Risk Management Committee – Monday 11th September 2023 – Item 8: City Fund and Pension Fund Audit Plan 22-23
- Finance Committee – Tuesday 19th September 2023 – Item 8: City Fund and Pension Fund Statement of Accounts Update

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Committee(s): Projects and Procurement Sub Committee – For Decision Finance Committee – For Decision	Dated: 06/11/23 08/11/23
Subject: Project Procedure Revision	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	8 and 10
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain’s Department?	n/a
Report of: Emma Moore, Chief Operating Officer	For Decision
Report author: Sarah Baker, Corporate Programme Manager (Acting), Operations	

Summary

This report proposes changes to the Projects Procedure to formalise tactical changes approved in July Policy and Resources Committee. This includes the descoping of routine procurement exercises and the embedding of the £1m delegation to trained officers. Changes to the responsibilities of the Projects and Procurement Sub-Committee through its Terms of Reference, approved at the July meeting of the Court of Common Council are also reflected. It also includes other changes that have occurred since the last iteration in 2018. This is an interim revision to bring the procedure up to date until it is revised as part of the Project Governance Review.

Recommendation(s)

Members are asked to:

- Approve the Projects Procedure changes described in the report and shown in Appendices 1 and 2.
- Note that a revised Projects Procedure will be forthcoming as part of the Project Governance Review Implementation.
- Delegate authority to the Town Clerk in consultation with the Chairmen and Deputy Chairmen, to finalise the project procedure subject to any changes agreed at Committee.

Main Report

Background

1. Management of City of London Corporation Projects are currently set out under Standing Order 50. Under SO 50(2) states:
“Officers shall ensure that all routine revenue, supplementary revenue and capital projects shall comply with the provisions contained within the City of London Corporation’s agreed Project Procedure.”
2. The City’s Projects Procedure was last reviewed in 2018. Since then, there have been a number of special arrangements put in place, such as the Investment Property Group (IPG) expedited process, and more routine changes to committee names and Terms of Reference.

Current Position

3. In July 2023 Policy & Resources approved for the Projects Procedure to be amended to incorporate the temporary measures previously approved by the Operational Property and Projects Sub-Committee, namely delegation to (approved and trained) Officers to approve project-related decisions up to £1m for corporate projects and to descope routine procurements.
4. Later in July, the Court of Common Council then agreed to move oversight of projects from the Policy & Resources Committee to the Finance Committee. Refreshed arrangements were also put in place in respect of the Projects and Procurement Sub-Committee (PPSC). In an attempt to streamline project management, PPSC is to have more of a strategic, scrutiny role and was not to be required to approve routine gateway reports. However, a challenge has arisen as these changes to terms of reference were approved with immediate effect, whilst work on the Projects Governance Review outcomes is anticipated to take a few further months to design and implement. This presents project managers with a challenge as the current projects procedure no longer aligns with the formal responsibilities of PPSC.
5. The interim changes to the Projects Procedure relate only to Corporate Projects and not Major Projects (i.e. Capital Projects over £100m), which fall to the Capital Buildings Board.
6. As per approval of the Court of Common Council in March 2022, responsibility for City Bridge Foundation projects lie with the City Bridge Foundation Board unless reserved to the Court of Common Council and is, therefore, not impacted by changes proposed.
8. The Projects Procedure is recommended to be revised to reflect changes since the last iteration in 2018 in the interim until a new procedure is created as part of the Project Governance review.

Options

9. Option 1 – Approve suggested revisions (as set out in appendices 1 and 2) to current Projects Procedure for the interim until it is fully revised as part of the Project Governance Review.

10. Option 2 – Suggest changes to the proposals, and delegate authority to the Town Clerk in consultation with the Chairman and Deputy Chairman, to finalise the drafting and approve the revised projects procedure.
11. Due to changes agreed by the Court of Common Council in July 2023, in relation to projects governance, it is not an option to keep the procedure as it is.

Proposals

12. Approve Option 1, to revise the current Projects Procedure for an interim period, until such a time that a new procedure, designed around the portfolio management approach, is able to come forward.
13. This will help project managers to progress their work in line with an agreed procedure, as stipulated by Standing Order 50(2), ahead of the final delivery of the outcomes of the Project Governance Review, whilst adhering to the changes imposed by the Court of Common Council with immediate effect.
14. Overview of proposed changes:
 - a. Approval of gateway reports to be delegated to trained officers in posts within the three most senior tiers of the organisation if project cost is below £1,000,000 (excluding risk).
 - b. Routine procurement projects not subject to the procedure, but to the Procurement Code.
 - c. Change of ownership of the Projects Procedure to Finance Committee.
 - d. Terms of Reference of Projects & Procurement Sub Committee, including scrutiny of individual projects responsibility of Service Committee.
 - e. Updated references to Standing Orders, the Procurement Code, and the funding process.
 - f. Reference to exceptions to the standard Gateway Approval Process (all projects within the exceptions logged on Project Vision and included in portfolio reporting:
 - i. Investment Property Group Expedited Process.
 - ii. Climate Action Strategy delegated approvals.
 - iii. City Bridge Foundation revised process.
 - g. Updates to Committee names.
15. Detail on proposed changes is included in Appendix 1.
16. Revised Project Procedure with tracked changes in Appendix 2.

Key Data

17. The City currently has 360 corporate projects that are subject to the Projects Procedure. This does not include the three major projects that are subject to their own governance. The intention is to develop one single and coherent project governance framework as part of the portfolio management implementation programme.

Corporate & Strategic Implications

Strategic implications – The Corporation’s strategic priorities are achieved through the successful delivery of corporate projects.

Financial implications – The introduction of a revised procedure will reduce the staffing resource involved and possibly help reduce costs associated with delayed approvals generated from confused governance pathways.

Resource implications – The implementation of an interim governance procedure will reduce the volume of ad-hoc, bespoke requests that the Project Management Office and Governance and Member Services Team are getting in relation to individual projects.

Legal implications – See risk implications.

Risk implications – If sufficient revised arrangements are not approved, there is an increased risk that projects will proceed without required approval(s). Depending on the nature of the project, this could lead to legal challenge and possibly even judicial review.

As with any process of significant change, there are risks associated with implementation and unforeseen challenges as the new system embeds. This risk will be mitigated through appropriate communications and training as required.

Equalities implications – Under the Equality Act 2010, all public bodies have a duty to ensure that when exercising their functions they have due regard to the need to advance equality of opportunity between people who share a protected characteristic and to take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people and encourage people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low. The proposals contained in this report do not have any potential negative impact on a particular group of people based on their protected characteristics.

Climate implications – None.

Security implications – None.

Conclusion

18. The Projects Procedure requires updating to reflect various changes that have occurred since the last revision in 2018. This is an interim measure until a new procedure is created as part of the ongoing Project Governance Review.

Appendices

- Appendix 1 – List of changes to Projects Procedure
- Appendix 2 – Revised Project Procedure with tracked changes

Background Papers

Project Governance Review – key findings and proposals for new approach (Operational Property & Projects Sub, Policy & Resources and Finance Committee, July 2023)

[Projects Governance Review – Court of Common Council \(July 2023\)](#)

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TO: **FINANCE COMMITTEE**

8 November 2023

POLICY AND RESOURCES COMMITTEE

16 November 2023

FROM: **NATURAL ENVIRONMENT BOARD**

16 October 2023

ITEM 8. OPERATIONAL FINANCE PROGRESS REPORT (PERIOD 3 APRIL – JUNE 2023) 2023/24 – NATURAL ENVIRONMENT DIVISION

Resolution of the Natural Environment Board to the Finance Committee and the Policy and Resources Committee concerning The Monument.

The Natural Environment Board wishes to express its concern at the decision to move The Monument into the Natural Environment Division.

The Monument is operationally used for the purposes of heritage, culture and education, does not align with the strategic objectives of the natural environment division and is a long-term loss-making entity (currently reporting a £200,000 deficit annually) having a warping effect on NE budget performance.

It should be considered a legacy asset by the Finance Committee and we ask that the Chamberlain be requested to consider a future business case.

We also request that Town Clerk be asked to identify the appropriate governance (operational division and committee oversight) for The Monument.

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Committee(s): Finance Committee	Date: 8 November 2023
Subject: Chamberlain’s Business Plan Quarter 2 2023/24 update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	3, 5, 8 & 10
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For information
Report author: Anna Flashman – Head of the Chamberlain’s Office	

Summary

1. Overall, the Chamberlain’s department has made good progress on its 2023/24 Business Plan.
2. This report outlines key progress against departmental objectives for quarter 2 (Q2). Highlights for each division can be found under appendix 1.
3. Financial Services Division continues to fill key positions which will improve the resilience of the service and support the on-going pressures as well as the opportunity to catch up with the backlog of close down and audit work in particular.
4. In year collection rates for Council Tax and Business Rates during Q2 2023/24 have increased compared to the previous year’s collection. Investment Property Income continues to improve with the overall collection at the end of Q2 at 96.19%. Arrears now stand at £6.3m.
5. In Q2 the City’s performance for the payment of invoices within 30 days was 91% - a 6% shortfall of the target. The quantity of supplier invoices has increased which has placed further pressure on the Accounts Payable team. The team continue to focus on clearing the invoice processing backlog as well as progress the Invoice Automation project with a third-party provider to reduce manual invoice processing. It is anticipated improvements will be seen next quarter. (Q3).
6. The delay in audit sign-off for City Fund accounts, from 2020/21, remains a challenge. The auditor has queried the prevalence and impact of reinforced autoclaved aerated concrete (RAAC), across City Funds asset base. Resolution of this issue continues to have a knock-on impact for the accounts relating to 2021/22 and 2022/23, and the workload of Financial Services Division. Final sign off for the 2020/21, 2021/22 City Fund and 2022/23 City’s cash audits are planned for the November Finance Committee. The 2022/23 City Fund audit work is expected to be substantially complete by December with sign off in the new year.

7. The five-year medium term financial plan (MTFP) for the City Fund and City's Cash was updated for Resource Allocation Sub Committee Away Day held in July. Assumptions to be used in budget setting for 2024/25 were agreed with Finance Committee, allowing the next stage of budget setting to progress, namely, service committee budgets to be prepared in line with their business plans.
8. Pace has been maintained on the Chamberlain's Transformation Programme; in particular, we are currently in the process of procuring a new Enterprise Resource Planning (ERP) system to replace the current HR, Payroll and Finance systems.

Recommendation

Members are asked to note the report.

Main Report

Current Position

9. Highlights for each division from quarter 2 plans can be found under appendix 1.
10. Financial Services Division continues to fill key positions which will improve the resilience of the service. In quarter 2, the Assistant Director of Financial Services and Group Accountant for Major Projects both began their roles. Two Graduate Trainees also started with the expansion of this programme over the coming years a key part of the transformation. Successful appointment of the Chief Accountant, expected to start in January 2024.
11. In year collection rates for Council Tax and Business Rates during 2023/24 have increased when compared to previous year's collection. Q2 Council Tax collection has increased to 55.1% and Business Rates collection has also increased to 66.27% - an increase of nearly 0.10% when compared to the same point in 2022/23. Investment Property Income continues to improve with the overall collection at the end of September 2023 at 96.19%. Arrears now stand at £6.3m which compares favourably to the £9.2m which was outstanding.
12. This quarter, the Chamberlain's Court shop increased its profits by 49% compared to Q2 2022/23.

Payment of invoices

13. In Q2 the City's performance for the payment of invoices within 30 days was 91% representing a 6% shortfall of the target. The quantity of supplier invoices has increased by 6.5% which has placed further pressure on the Accounts Payable team.

Month	All transactions Qty	Paid after 30 days Qty	30 days on time %
Apr-23	4,927	243	95%
May-23	5,214	438	92%
Jun-23	5,296	389	93%
Q1	15,437	1070	93%
Jul-23	5,326	446	92%
Aug-23	5,904	550	91%
Sep-23	5,277	483	91%
Q2	16,507	1479	91%

14. The team continue to focus on clearing the invoice processing backlog as well as progress the Invoice Automation Project with a third-party provider to reduce manual invoice processing conducted by the AP team by using data extraction and e-invoicing routes. It is anticipated improvements will be seen next quarter (Q3).
15. Delivery of a data cleansing plan is underway to tackle long outstanding POs, invoices on hold and outstanding credit notes in preparation for the ERP implementation.
16. New self-service reports were developed for Open Orders and AP Holds to enable all Oracle users to show who is responsible for taking action to resolve them. An overview dashboard was developed to show high level summary statistics, analysing this information by department, age and person responsible to allow the resolution progress to be easily monitored.
17. Training was delivered to 127 Oracle users across all departments to ensure awareness of the actions they need to take for both PO and AP open items and how to use these new reports. 100% of delegates rated this training from *satisfied* to *very satisfied*.

Closing Accounts Update

18. Sign off of the 2020/21 City Fund Accounts has been delayed again. The auditor has queried the prevalence and impact of reinforced autoclaved aerated concrete (RAAC), across City Funds asset base. Chamberlain's and City Surveyors staff are working to resolve this query as quickly as possible; initial reviews suggest that the impact is likely to be minimal.
19. However, resolution of this issue continues to have a knock-on impact for the accounts relating to 2021/22 and 2022/23. The auditors have completed their fieldwork for 2021/22 and are completing their file review and internal closing procedures. Further, for 2022/23, substantial positive progress has been made on audit fieldwork to date, with auditors commenting positively about the quality and speed of responses.
20. Final sign off for the 2020/21, 2021/22 City Fund and 2022/23 City's Cash audits are planned for the November Finance Committee. The 2022/23 City Fund audit work is expected to be substantially complete by December with sign off in the new year.

Budget setting process 2024/25

21. The five-year, Medium Term Financial Plan for the City Fund and City's Cash was updated for the Resource Allocation Sub Committee Away Day in July and assumptions to be used in budget setting for 2024/25 agreed with Finance Committee. New challenges identified at the departmental Star Chamber meetings were addressed ahead of the Resource Allocation Sub Committee's away day, which provided a better understanding on how cost pressures will be tackled during 2023/24, how outstanding permanent savings targets will be met as well as the opportunity to discuss risks and opportunities.
22. The budget envelope has been set for the financial year 2024/25, resource bases have been circulated allowing the detailed build by service committee to commence in line with their business plans. New bids as part of the Capital Programme for 2024/25 have been reviewed and are being considered before inclusion in the overall programme.

Chamberlain's Transformation

23. In Q2 2023/24 work continued in delivering a number of workstreams across the Chamberlain's department. Notably, the ERP Programme, progressed with the procurement of the software solution. The outcome of the procurement will be taken under urgency in order to progress at speed. Further work has continued on the resource planning to deliver this programme. A change lead has been appointed from the internal Transformation and Improvement team. Financial Services Division are focused on data cleansing the current system in preparation for the new system.

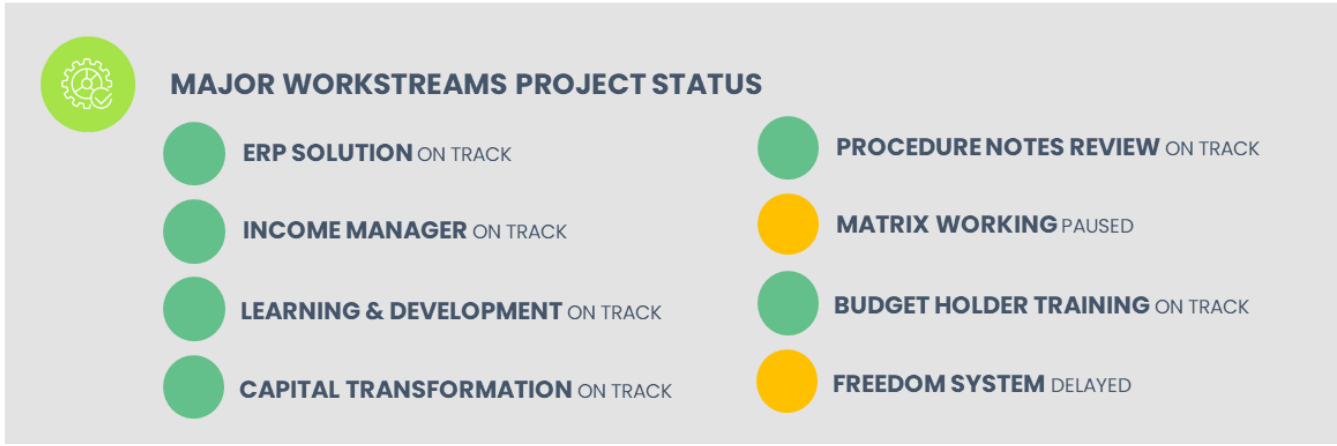
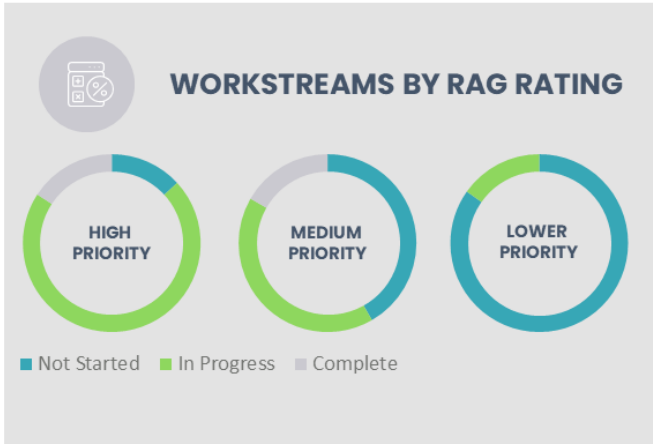
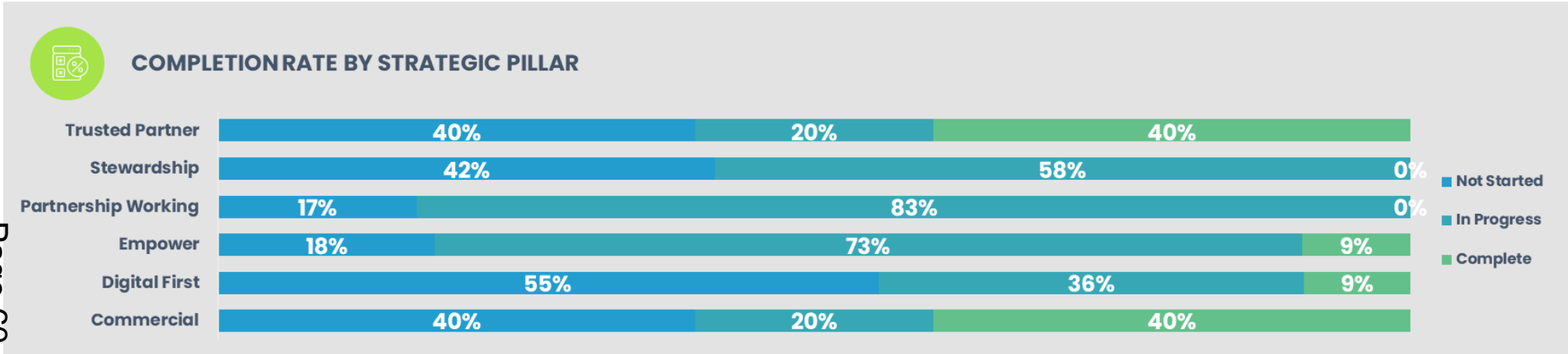
24. The Procedure Note Review was launched in July 2023, to review the existence, quality, accuracy and validity of procedure notes across teams within the department. The project is forecast for completion for Q3, with firm focus primarily on statutory and essential procedures.
25. The replacement Income Manager system is currently in User Acceptance Testing (UAT) phase. The project is on track to go live in Q3.
26. In September, the new Capital Forms platform was launched that is accessible via the intranet. Project managers can submit real time forms and requests to the Capital team. This new process ensures that all mandatory fields are completed prior to submission and allows to track the progress of their request via the platform.
27. Four workstreams were completed during Q2 2023/24 as shown below:

Strategic Pillar	Priority Initiatives	Intended Outcomes	Lead Team	Priority	Status
Digital First	CHB Intranet refresh	To ensure better knowledge sharing and efficiency and effective comms across departments	CHB OFFICE	High	Complete (Ongoing)
Digital First	Upgrading Audit management system	Replacing Pentana with the new system.	IA&F	High	Complete
Trusted Partner	Develop & plan all Chamberlain's Department major events & activities	Indicate major events, deliverables and dependencies during course of year and inform stakeholders well in advance	CHB OFFICE	High	Complete (Ongoing)
Trusted Partner	Develop overarching strategic Chamberlain's communications strategy	Key stakeholders aware of significant changes in Chamberlain's service	CHB OFFICE	Medium	Complete (Ongoing)

CHB Transformation Dashboard – Q2 2023/24



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Corporate & Strategic Implications

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

Financial implications – The 2023/24 Business Plan reflected a 12% reduction in the departmental budget agreed and implemented in previous years.

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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Committee(s)	Dated:
Finance Committee – For information	8 November 2023
Subject: Chamberlain’s Departmental Risk Management Update	Public
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For Information
Report author: Leah Woodlock, Chamberlain’s Department	

Summary

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

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

Recommendation(s)

Members are asked to note the report.

Main Report

Background

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

Current Position

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. **CHB002 – Housing Revenue Account (HRA) Finances** has been established as a Chamberlain’s departmental risk, following the latest five-year budget forecast for the HRA account. With inflationary pressures coinciding with the conclusion of the current contract for repairs and maintenance, expenditure is expected to increase across the HRA portfolio.
4. The risk has been extracted from the CR35 mitigating actions and created as a standalone risk, as additional pressures have been identified, along with

number of mitigating actions. Details of the risk are included in appendix 1. The cost pressures are being considered in the current budget estimates process for 2024/25.

5. The **CHB 001 Chamberlain's department transformation and knowledge transfer** has been reduced to an AMBER risk with a score of 6. The score change reflects multiple successful ongoing mitigations listed in Appendix 1. The successful recruitment and fulfilment of the Assistant Director and vacancies across financial services have enabled the realignment of workloads and have decreased the likelihood that the service will fail to deliver its objectives.
6. Preparedness for the future is also a key theme for the department with the reconvening of the Learning and Engagement (L&E) board, in addition to documenting procedures to avoid critical knowledge losses. The L&E Board are surveying Chamberlain's staff to assess individual and team learning and development needs. A primary action of the L&E Board is to utilise the City's Management Courses for staff in management roles.
7. Focus continues on recruitment into the final vacancies within the Financial Services Division, during September interviews were held for the Chief Accountant and was successfully appointed to – expected start date January 2024. The Learning and Engagement Board (L&E Board) was relaunched in July.
8. The **CR38 Unsustainable Medium Term Finances - City's Cash** risk score remains at RED 16. In efforts to mitigate this risk, continued close monthly monitoring of spend and key income streams.
9. Details of CHB001, CHB002, CR35 and CR38 can be found in Appendix 1.

Conclusion

10. 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

Appendix 1 - Departmental Risk Register

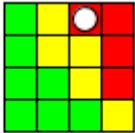
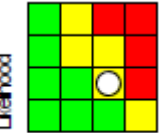
CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

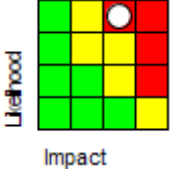
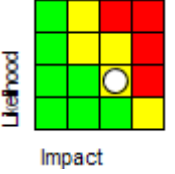

Generated on: 19 October 2023



Rows are sorted by Risk Score

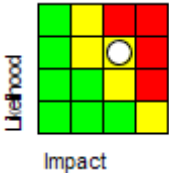
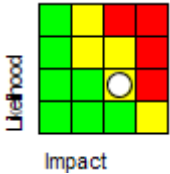

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB 002 Housing Revenue Account Financials 16-Oct-2023 Mark Jarvis; Sonia Virdee	<p>Cause:</p> <ul style="list-style-type: none"> Increased running repairs and maintenance costs due to inflationary pressures, management costs and depreciation charges. Also, potential issue around non-recoverability of elements of service charge costs due to inadequate s20 consultation process <p>Event:</p> <ul style="list-style-type: none"> Inability to contain financial pressures on the Housing Revenue Account, need to have a balanced budget. <p>Effect:</p> <ul style="list-style-type: none"> The City Corporation's reputation is damaged due to failure to deliver housing services. 	 <p>Liability Impact</p>	<p>16</p>	<p>The latest financial position on the overall HRA, including the reviews noted above will form part of the HRA Estimates report to be presented in the autumn. Note the previous five year financial projections show the revenue funding position remained precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges). Counsel opinion being sought on the S20 service charge recoverability issue.</p> <p>16 Oct 2023</p>	 <p>Liability Impact</p>	<p>8</p>	<p>31-Mar-2025</p> <p>Reduce</p>	<p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB002a	Close monitoring of capital schemes is required during 2023/24, update to be provided in regular reporting of capital forecasts next due in early November. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Close monitoring of capital schemes is required during 2023/24, update to be provided in regular reporting of capital forecasts next due in early November. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Mark Jarvis	16-Oct-2023	31-Mar-2024
CHB002b	Impact of inflation - capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs	<p>The Savills report identified high repairs and maintenance costs, management costs and depreciation charges. The relatively high level of the depreciation charge is being reviewed as part of the Estimates process. At the same time the level of the internal recharge to the HRA is being investigated as part of a City wide review.</p> <p>The current repairs and maintenance contract has had to be extended but will be re-procured as soon as feasible. Further controls on R&M spend to be implemented by Housing.</p>		17-Oct-2023	31-Mar-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR38 Unsustainable Medium Term Finances - City's Cash Oct-2022 Caroline Almyerty	<p>Causes: High inflation –Office for Budget Responsibility forecasting peak in Autumn 2022 and although predicted to fall over the next two years, embedded increases. Construction inflation running at 4% for 2023/24. Contraction in key income streams and increase in bad debts following post pandemic change in working practices still continues into 2023.</p> <p>Event: Inability to contain financial pressures within year (2022/23) and deliver sustainable savings already baked in and/or increase income generation not realised requiring further draw down on Reserves. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified to meet this challenge are required, reserves are utilised and/or services stopped. The City Corporation’s reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Inability to deliver capital programme and major projects within affordability parameters. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.</p>		16	<p>The five-year financial plan provides recommendations for one-off cost pressures and ongoing 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>		8	31-Mar-2023	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Impact of inflation <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>The five year financial plan was approved by Court of Common Council on 9 March:</p> <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: 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</p>	Sonia Virdee	11-Jul-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"> • Major projects • Business as usual capital programme <p>Remain within the financial envelopes approved for major projects</p>	Refer to CR35c.	Sonia Virdee	11-Jul-2023	31-Mar-2024
CR38e	<p>A reduction in key income streams and increase in bad Debt</p> <p><i>Triggers:</i></p> <p><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 and this continues to prove effective.</p>	Phil Black; Sonia Virdee	31-Aug-2023	30-Jun-2024
CR38f	<p>Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).</p>	<p>The five year financial plan provides recommendations for one-off cost pressures and on-going pressures.</p> <p>Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet savings. High risk departments are undertaking monthly revenue monitoring.</p> <p>An officer Star Chamber was held during June which was to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Sonia Virdee	16-Oct-2023	31-Mar-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR35 Unsustainable Medium Term Finances - City Fund 19-Jun-2020 Caroline Al-Beyerty	<p>Causes: High inflation – Office for Budget Responsibility forecasting peak reached Autumn 2022 and although predicted to fall over the next two years, embedded increases.</p> <p>Construction inflation running at 4% for 2023/24. Contraction in key income streams and increase in bad debts following post pandemic change in working practices still continues into 2023/24.</p> <p>Police Transform programme fails to realise the budget mitigations anticipated within the MTFP.</p> <p>Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile.</p> <p>Event: Inability to contain financial pressures within year (2023/24) and deliver sustainable savings already baked in and/or increase income generation to meet the Corporation’s forecast medium term financial deficit will not be realised. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified to meet this challenge are required, reserves are utilised and/or services stopped.</p> <p>The City Corporation’s reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Being unable to set a balanced budget which is a statutory requirement for City Fund.</p> <p>Inability to deliver capital programme and major projects within affordability parameters.</p> <p>Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.</p>		12	<p>Consumer Price Index rose by 6.8% in 12 months to July 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 4% for 2023/24.</p> <p>The Bank of England base rate rose to 5.25% on 03 August 2023 and remained at this level following the September MPC meeting; there is an expectation that it will rise further to 5.5%.</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>		8	31-Mar-2024	
				16 Oct 2023				Reduce

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>2023/24 base budgets include 2% uplift plus increase in base to support July 2022 pay award.</p> <p>Mitigations approved by CoCo in March 2023 include: increase in Business Rate Premium; rise in core Council Tax and Adult Social Care; rise in HRA rents; central contingencies held to support new pay pressures; carry forwards from 2022/23 underspends to support one-off pressures; transformation funding held centrally to support Resource Prioritisation Refresh workstreams and the culture shift.</p> <p>Identified inflationary pressures are well within the contingencies held, in addition, interest rates are giving a welcome boost to City Fund finances.</p> <p>The £30m ringfenced reserves released to support the backlog of urgent Cyclical Works Programme.</p> <p>£3m contingency ringfenced for urgent health and safety works under capital programme.</p> <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	16-Oct-2023	31-Mar-2024
CR35b	<ul style="list-style-type: none"> • Impact of inflation – capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs. • 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. 	<p>Close monitoring of capital schemes is required during 2023/24, update to be provided in the regular reporting of capital forecasts, first forecast presented to Finance Committee in October. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.</p> <p>The Savills report identified high repairs and maintenance costs, management costs and depreciation charges. The relatively high level of the depreciation charge is being reviewed as part of the Estimates process. At the same time the level of the internal recharge to the HRA is being investigated as part of a City wide review.</p> <p>The current repairs and maintenance contract has had to be extended but will be re-procured as soon as feasible. Further controls on R&M spend to be implemented by Housing.</p> <p>The latest financial position on the overall HRA, including the reviews noted above will form part of the HRA Estimates report to be presented in the autumn. Note the previous five year financial projections show the revenue funding position remained precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges).</p>	Mark Jarvis; Paul Murtagh	16-Oct-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	Sonia Virdee	16-Oct-2023	31-Mar-2024

		<p>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.</p> <p>Capital financing options was presented to RASC sub away day, further discussions with RASC took place on 5th September.</p> <p>The Capital Finance Strategy for the Major Projects programme, included as an agenda item to this committee.</p>			
CR35f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>The medium-term-financial plan provides recommendations for one-off cost pressures and on-going pressures.</p> <p>Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet savings. High risk departments are undertaking monthly revenue monitoring.</p> <p>An officer Star Chamber was held during June which was to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Alistair Cook; Sonia Virdee	16-Oct-2023	31-Dec-2023

		Key workstreams for the board have been identified.			
CHB001c	Chamberlain's TOM structure design and culture is fit for purpose.	<p>A culture and values workshop was held in November 2023 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.</p> <p>A number of actions sit within the workplan for the Learning and Engagement Board and within the empowering transformation workstreams which will be delivered throughout 2023/24 and 2024/25.</p> <p>Progress was reported on the action plan to staff and a further update will be provided to staff in November.</p>	Hayley Hajduczek	16-Oct-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.</p> <p>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 to support the transformation programme. The Permanent Assistant Director started on 31 July. The Chief Accountant permanent position has been appointed, to start in January 24 the interim Chief Accountant will remain to support the handover.</p> <p>A renewed focus is taking place on 'training our own' through a wider apprenticeship programme and graduate trainee recruitment.</p>	Sonia Virdee	16-Oct-2023	31-Mar-2024
CHB001e	Following the resignation of the previous 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.	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.	Sonia Virdee	16-Oct-2023	31-Mar-2024

		An update on FSD was taken to this committee in April and September with 3 key priorities focusing on 1) well-being of staff; 2) recruitment 3) getting the basics done. A verbal update will be provided in December.			
CHB001f	Ensure procedure notes are in place, accurate and current. To avoid loss of critical knowledge and best practice approaches to departmental tasks and responsibilities.	<p>A project has been at the July Chamberlain's Senior Leadership team meeting to identify the current procedure notes available and gaps across the department.</p> <p>The project proposes to review the quality, accuracy and validity of the procedure notes. It is requested that line managers coordinate their teams response. Draft procedure notes are due at the end of October for review.</p>		16-Oct-2023	31-Dec-2023

Committee(s): Finance Committee	Dated: 8 th November 2023
Subject: Quarter 2 2023/24 Forecast Capital and Supplementary Revenue Project expenditure	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Capital and SRP projects impact across all areas of service delivery and property investment
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain and Chief Financial officer	For Information
Report author: Radwan Ahmed, Interim Assistant Director Finance	

Summary

This report provides a summary of the forecast expenditure at the end of the second quarter (Q2), for the current year (2023/24) and future years expenditure on Capital and Strategic Revenue Projects (SRPs) – including the major projects – across both City Fund and City Cash. These forecasts are measured against agreed budgets set and approved by Court of Common Council in March 2023.

City Fund Capital Projects

Table 1: Summary of City Fund Forecast

	A	B	C	C - A	D	E	E - D	C + E - A - D
CITY FUND	Budget 23/24	Current Year Actuals @ 31/09/23	Current Year Forecast @ Q2	Forecast vs Budget in year	Future years budget	Future years forecast	Forecast vs Budget in future years	Total budget vs Total Forecast
BAU Capital and SRP	£m	£m	£m	£m	£m	£m	£m	£m
Subtotal	190.9	27.9	152.0	(39.0)	222.7	217.1	(5.6)	(44.6)
Major Projects								
Subtotal	256.9	50.3	174.3	(82.6)	565.8	643.1	77.3	(5.3)
Total	447.8	78.2	326.3	(121.5)	788.5	860.2	71.7	(49.9)

At the end of Q2 City Fund projects were forecasted to spend £326.3m for the year, comprising £152.0m BAU projects and £174.3m across the City Fund Major Projects. This represents a forecast slippage of £121.5m during the current year, or £49.9m across all years when compared to the approved budgets in March 2023. At the end of Q2, City Fund project spend totaled £78.2m representing 24.0% of the forecast

spend for the year; this is significantly lower than expected and the Chamberlains team will work with project managers to understand reasons for these significant variations. A detailed breakdown by spend committee is included within Table 3.

City's Cash Capital Projects

Table 2: City Cash forecast

CITY CASH	Budget 23/24	Current Year Actuals @ 31/09/23	Current Year Forecast @ Q2	Forecast vs Budget in year	Future years budget	Future years forecast	Forecast vs Budget in future years	Total budget vs Total Forecast
BAU Capital and SRP	£m	£m	£m	£m	£m	£m	£m	£m
Subtotal	133.3	47.7	96.4	(36.9)	129.2	107.6	(21.7)	(58.5)
Major Projects								
Subtotal	240.3	87.9	206.9	(33.3)	783.4	743.2	(40.2)	(73.5)
Total	373.5	135.6	303.4	(70.2)	912.6	850.7	(61.9)	(132.1)

Table 2 shows the breakdown of the forecast for City Cash of £303.4m, with £206.9m projected on major projects and a further £96.7m on BAU Capital and SRP. This represents a forecast net slippage of £70.2m in year, and £132.1m including future years. At the end of Q2, City Cash projects had accrued spend totaling £135.6m, representing 44.6% of the projected spend for the year; broadly in line with expectations. A detailed breakdown by spend committee is included within Table 5.

Chamberlains will be conducting a review moving forward due to concerns about the low forecasting accuracy and notable lack of engagement in specific areas, as indicated by forecast upload statistics. This review will be included as part of the transformation workstreams with the aim of addressing the challenges related to forecasting precision and engagement levels.

Recommendation(s)

Members are asked to note the contents of this report.

Main Report

1.0 Background

- 1.1 As part of the continued efforts to increase visibility of capital delivery and monitoring across the organisation, several improvements are currently being implemented. This starts with standardised data entry procedures and improvements to the automated data collection processes to ensure we can thoroughly capture and explain variances; and understand how this impacts the wider financial planning and decision making in the short to medium term. The enhanced budget monitoring will underpin the fundamental principles within the new budget setting cycle with more emphasis on variance thresholds to enable better scenario analysis.
- 1.2 With these improvements, the Chamberlain's team can effectively plan and coordinate the funding for the expenditure in an efficient manner, ensuring sufficient cashflow through activities such as disposals to meet contractual obligations for projects, while feeding into the Medium-Term Financial Plan (MTFP), treasury management strategy and investment property strategy.
- 1.3 This report provides a summary of the forecast for City Fund and City Cash against the projects approved by the Court of Common Council in March 23.
- 1.4 Tables 3 & 5 show the forecast expenditure for capital and SRPs projects (including major projects) across the City Fund and City Cash, with an estimated aggregate spend of £629.9m for the financial year 2023/24. The major projects have been separated from the rest of the projects forecast (BAU).
- 1.5 The variances presented as part of table 3 & table 5 highlight the difference between current expenditure expectations compared to the planning assumptions underpinning the approved capital programme in March 2023.
- 1.6 For future iterations of this report will:
 - Provide historic spend detail alongside current and future year forecasts for projects in flight, to provide a complete view of the total project cost, and
 - Seek to provide a clear distinction between approved budget allocations and approved drawdowns against those allocations, compared to the actual and projected spend.

Current Position

2.0 City Fund

- 2.1 Table 3 below shows the forecast expenditure for City Fund Capital and SRP Projects, split between Business as Usual (BAU) and Major Projects. The forecast for the year is £326.3m for the year, comprising £152.0m BAU projects and £174.3m across the City Fund Major Projects. This represents

a forecast slippage of £121.5m during the current year, or £49.9m across all years. At the end of the second quarter, City Fund project spend totaled £78.2m representing 24.0% of the forecast spend for the year.

Table 3: City Fund forecast

CITY FUND	Budget per MTFP 23/24	Current Year Actuals @ 31/09/23	Current Year Forecast @ Q2	Forecast vs Budget in year	Future years budget per MTFP	Future years forecast	Forecast vs Budget in future years	Total budget vs Total Forecast
BAU Capital and SRP								
Barbican Centre	1.4	0.1	2.2	0.8	0.3	0.3	0.0	0.8
Barbican Residential	5.5	0.7	3.3	(2.2)	27.0	18.1	(8.9)	(11.1)
CF - Community & Childrens Services	2.1	-	-	(2.1)	-	-	-	(2.1)
CF - Cult Heritage & Libraries	1.6	0.1	0.1	(1.6)	-	-	-	(1.6)
CF - Finance	10.5	0.0	8.8	(1.7)	0.9	0.9	0.0	(1.7)
CF - Investment	20.4	1.5	8.4	(12.0)	30.6	8.4	(22.2)	(34.3)
CF - Open Spaces, City Gardens	-	0.1	2.2	2.2	-	3.2	3.2	5.3
CF - Open Spaces, City Gardens & West Ham Park	3.2	-	-	(3.2)	-	-	-	(3.2)
CF - Planning & Transportation	50.9	4.3	28.6	(22.3)	59.5	93.8	34.3	12.0
CF - Policy & Resources	4.5	1.7	7.0	2.5	22.8	12.7	(10.1)	(7.6)
CF - Port Health	2.6	0.6	2.4	(0.2)	1.2	0.0	(1.2)	(1.4)
Community Services	-	0.3	1.3	1.3	0.1	-	(0.1)	1.2
Community Services - HRA	63.0	13.2	65.3	2.3	61.0	74.2	13.2	15.5
Community Services - Non-HRA	-	-	0.5	0.5	-	-	-	0.5
Education	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-
Open Spaces (CF)	0.0	-	0.1	0.1	-	0.1	0.1	0.2
Police	25.2	4.6	21.7	(3.4)	19.3	4.3	(15.0)	(18.4)
Port Health & Environ Services	-	-	0.1	0.1	-	1.2	1.2	1.3
Spitalfields Market	-	-	-	-	-	-	-	-
Subtotal	190.9	27.9	152.0	(39.0)	222.7	217.1	(5.6)	(44.6)
Major Projects								
Salisbury Square	148.5	27.6	74.1	(74.4)	346.0	420.3	74.4	(0.0)
Bastion House	5.7	0.5	1.3	(4.4)	-	-	-	(4.4)
Museum of London	97.7	22.3	94.5	(3.1)	164.5	167.6	3.1	(0.0)
Future Police Accommodation	5.0	-	4.4	(0.6)	55.4	55.2	(0.2)	(0.9)
Subtotal	256.9	50.3	174.3	(82.6)	565.8	643.1	77.3	(5.3)
Total	447.8	78.2	326.3	(121.5)	803.5	860.2	56.7	(49.9)

2.2 The main items of slippage are:

- There are significant overspends identified against **Planning and Transportation** (£12.0m) and the **HRA** (£15.5m). Planning is an area predominantly financed by grants and contributions, and assumptions around future grant income will be aligned to current expenditure plans for the forthcoming MTFS review. The HRA is a statutory ringfenced account, and the planned schemes will be incorporated as part of the continued review of the 30-year business plan.
- Other spend committees with significant projected underspends, include:
 - **Police** with an aggregated forecast £18m underspend. The Police service recognise the capacity to deliver against agreed capital projects and are enhancing their Project Management Office (PMO) capability to support a longer-term view of their capital investment requirements.

- **Barbican Residential** (£11.1m) represents agreed funding blocks for ringfenced areas, for which individual schemes are being developed to draw down against.
- **Investment Committee** (£34.26m) includes significant slippage against the New Liverpool House Refurbishment scheme.
- **Policy and Resource Committee** (£7.6m) slippage relating primarily to various works on the Central Criminal Court.

2.3 Table 4 below summarises the current financing plan for the City Fund investment programme.

Table 4: Capital Fund Financing summary

Funding	23/24	24/25	25/26	26/27	27/28	Total
	£m	£m	£m	£m	£m	£m
Internal Contributions*	298.7	173.7	10.9	0.8	-	484.1
Developer Contributions**	63.4	70.2	37.3	9.7	5.4	186.0
Capital Receipts/Grants***	85.7	93.0	248.6	103.8	35.1	566.2
Total	447.8	336.9	296.8	114.3	40.5	1,236.3

* Internal Contributions include in year revenue contributions and earmarked reserves.

** Developers including CIL, S106 and S278, these can be provided with varying degrees of conditionality for use on specific projects.

*** Capital Receipts are funds from the disposal of assets while the City also received significant grants from public and non-public bodies

3.0 City Cash

3.1 Table 5 shows the breakdown of the forecast for City Cash of £303.7m, with £206.9m projected on major projects and a further £96.7m on BAU Capital and SRP. This represents a forecast net slippage of £70.2m in year, and £123.1m including future years. At the end of the second quarter, City Cash projects had accrued spend totaling £135.6m, representing 44.6% of the projected spend for the year.

Table 5: City Cash forecast

CITY ESTATE	Budget per MTFP	Actuals @ 31/09/23	Q2 Forecast	Forecast vs Budget in year	Future years budget	Future years forecast	Forecast vs Budget in future years	Total budget vs Total Forecast
BAU Capital and SRP								
Billingsgate Market	1.8	0.3	0.6	(1.1)	-	-	-	(1.1)
Board of Governors CLSG	3.2	1.5	2.7	(0.5)	4.0	-	(4.0)	(4.5)
Board Of Governors COL	-	0.3	1.2	1.2	6.1	-	(6.1)	(4.9)
Board Of Governors Freemens	0.4	-	2.2	1.9	37.3	37.3	0.0	1.9
Burnham Beeches	0.0	-	0.0	(0.0)	-	-	-	(0.0)
CC - Cult Heritage & Libraries	0.0	-	0.0	(0.0)	-	-	-	(0.0)
CC - Finance	16.0	0.8	14.6	(1.4)	4.2	4.6	0.5	(0.9)
CC – Investment	74.1	43.0	42.4	(31.7)	44.6	21.0	(23.5)	(55.2)
CC - Planning & Transportation	-	-	-	-	-	-	-	-
CC - Policy & Resources	25.1	-	25.3	0.2	25.6	25.6	0.0	0.2
CC - Port Health & Env Service	-	-	0.0	0.0	-	-	-	0.0
COL Almshouses Trust Capital	-	-	0.1	0.1	-	-	-	0.1
Community Services – Gresham	0.1	-	0.0	(0.1)	-	-	-	(0.1)
Education (Academies)	-	-	1.0	1.0	-	-	-	1.0
Epping Forest	5.3	0.0	1.0	(4.4)	6.2	14.6	8.4	4.1
GA – Finance	-	0.0	0.1	0.1	-	0.1	0.1	0.2
GP Aldermen	0.1	-	0.1	0.0	-	-	-	0.0
GSMC	1.3	-	1.6	0.3	1.2	4.3	3.1	3.3
Hampstead Heath, Highgate Wd & Queen’s Park	0.8	1.5	2.0	1.2	-	-	-	1.2
Hampstead Heath	2.1	0.3	1.0	(1.1)	-	-	-	(1.1)
Keats House Capital Fund	-	-	-	-	-	-	-	-
Markets	2.0	-	0.1	(1.9)	-	-	-	(1.9)
Policy & Resources	-	-	0.0	0.0	-	-	-	0.0
Queen’s Park & Highgate Wood	0.0	-	0.0	0.0	-	-	-	0.0
Smithfield Market	0.1	-	0.1	-	-	-	-	-
West Ham Park	0.9	-	0.2	(0.7)	-	-	-	(0.7)
Subtotal	133.3	47.7	96.7	(36.9)	129.2	107.9	(21.7)	(58.5)
Major Projects								
Museum of London Landlord Works	14.7	1.1	31.0	(16.3)	169.0	78.1	(90.9)	(74.6)
Markets Co-location	146.5	86.6	146.1	0.4	495.2	496.4	1.2	0.8
Combined Courts	79.1	0.1	29.9	(49.3)	119.2	168.7	49.5	0.2
Subtotal	240.3	87.9	206.9	(33.3)	783.4	743.2	(40.2)	(73.5)
Total	373.5	135.6	303.7	(70.2)	912.6	850.7	(61.9)	(132.1)

3.2 The main area of underspend relates to:

- **Museum of London Landlord works** within the major project's portfolio, is currently forecasting an aggregate underspend of £74.6m. Works is expected to be completed by the end of this

calendar year except for further works on the Annex. The underspend includes an amount of unutilised costed risk provision.

- The **Investment Committee** is currently projecting £55.23m underspend relating to an approved allocation for planned future investment property purchases, to be funded from the Designated Sales Pool. The variance represents the agreed funding envelope, for which future Investment property purchases are to be drawn down against, subject to successful bid appraisals.

3.3 Table 6 below summarises the current financing plan for the City Cash investment programme.

Table 6: City Cash funding

Funding	23/24	24/25	25/26	26/27	27/28	Total
	£m	£m	£m	£m	£m	£m
Internal Contributions*	220.7	260.8	28.2	27.9	81.3	618.8
External Borrowing**	152.9	-	-	-	-	152.9
Capital Receipts/Grants***	-	59.2	168.7	160.6	126.0	514.5
Total	373.5	320.0	196.9	188.4	207.3	1286.2

* Internal Contributions include in year revenue contributions and earmarked reserves.

** External Borrowing identifies the use of funds raised through external partners.

*** Capital Receipts are funds from the disposal of assets while the City also received significant grants from public and non-public bodies

3.4 Table 5 illustrates the funding sources that have been identified and earmarked to fund the project spend as per the approvals through the budget gateway processes. The final funding mix will be determined as part of closing processes at year end.

4.0 Conclusion

4.1 The report highlights the current forecast for 2023/24 and beyond as at Q2 of the financial year.

Radwan Ahmed

Interim Assistant Director

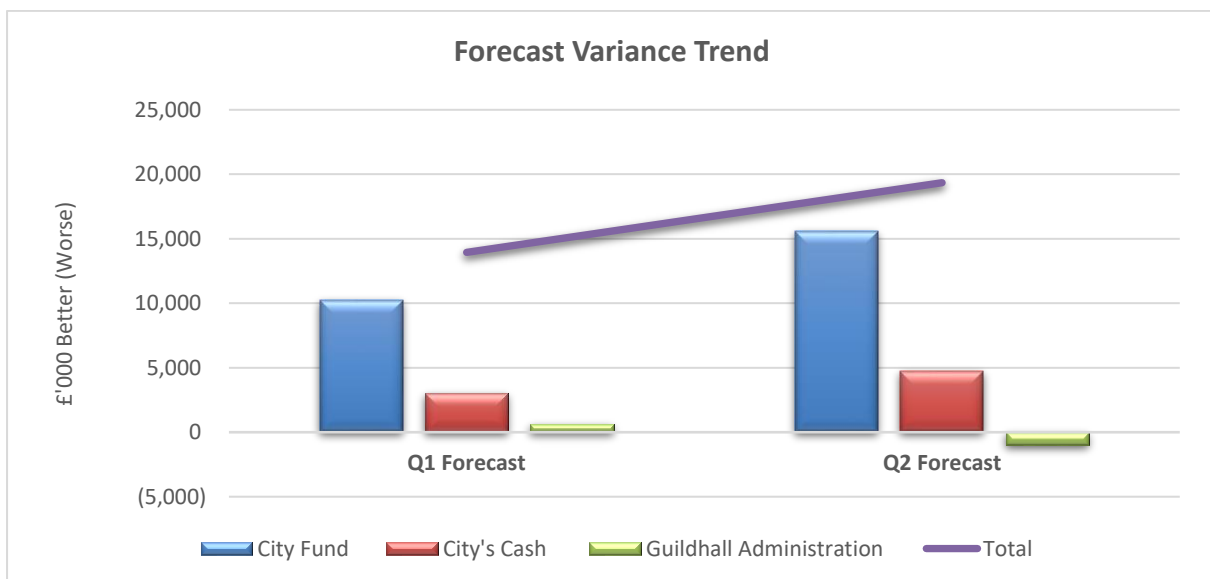
Email: Radwan.ahmed@cityoflondon.gov.uk

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Committee	Dated:
Finance Committee – For Information	8 th November 2023
Subject: Revenue Budget Monitoring to Quarter 2 2023/24	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chamberlain	For Information
Report author: Louise Said, Financial Services Division	

Summary

At the end of Quarter 2, the 2023/24 forecast outturn position is an underspend of £19.3m against budget which is an improvement of £5.4m compared to Quarter 1.



The forecast underspend of £19.3m comprises underspends of £15.6m and £4.7m on City Fund and City’s Cash respectively, partially offset by an overspend of £1.0m on Guildhall Administration.

This is split between a Central Risk favourable variance of £22.0m, which predominantly relates to increased interest received on Money Market Funds (£17.0m), partially offset by an adverse variance of £2.6m on Chief Officer Cash Limited Budgets. The Chief Officer Cash Limited budget significant variances are Barbican Residential (£0.9m) relating to a new provision for a legal challenge from leaseholders, and PH&ES (£1.8) loss of trade at Heathrow Animal Reception Centre

(HARC). The Chief Officer Cash Limited Budgets forecast is an improved position of £2.7m compared to Quarter 1, predominantly due to the use of centrally held contingencies to meet inflationary pressures which cannot be contained within Chief Officer existing budgets.

Recommendation

Members are asked to:

- i. note the report.

Main Report

1. Significant forecast variances by Chief Officer are summarised in the following paragraphs.

City Fund

- a) Director of Community and Children's Services (£1.1m overspend, adverse movement of £1.2m from Q1) – Barbican Residents Committee is now forecasting a possible overspend as a result of making a provision of £935k for a legal challenge. In addition, the children's social care budget is showing an overspend of £0.5m due to two new clients arriving since Q1, one of which has very high needs.
- b) Executive Director Environment (£1.1m overspend, positive movement of £1.1m from Q1) – the projected overspend is predominantly due to a significant loss in trade of c£1.8m at Heathrow Animal Reception Centre. This overspend is partly offset by a variety of increased income streams throughout the Department. The favourable movement from Q1 to Q2 is largely due to energy costs of c£0.7m now being met centrally.
- c) Barbican Centre (£0.5m overspend, positive movement of £3.0m from Q1) – Box Office and touring Income have taken time to get back to pre-covid levels in line with the wider industry. This shortfall has been reduced by our focus on utilisation, capacity and spend per head with additional income in secondary spend and business events. The building continues to challenge delivery. These additional cost pressures are being covered within our current forecast. Focus remains on delivering a balance outturn. The significant change since quarter 1 is on utilities pressures being met centrally.
- d) City Surveyor - Whilst City Fund Estate, at present, is largely showing break even at year end, there is the risk of an overspending due to the loss of tenants at Leadenhall Market and some voids on strategic properties. The financial implications of this and how it might be mitigated are being reviewed and an update will be included in Q3 monitoring.

City's Cash

- e) City Surveyor (£0.4m overspend, **positive movement of £0.1m**) – This is principally due to overspending on the departmental salary budget as a result of the vacancy factor not being achieved. In addition, some residual savings of £151k are yet to be achieved. Other minor variances across services largely offset each other.

2. Corporate Income Budgets are forecast to be better than budget by £23.5m, a positive movement of £4.3m from quarter 1.

	Budget	Forecast	Forecast Variance	
	£'000	£'000	Better / (Worse)	%
			£'000	
<u>Property Investment Income</u>				
City Fund	41,245	41,534	289	1%
City's Cash	56,840	63,531	6,691	12%
Total Property Investment Income	98,085	105,065	6,980	7%
<u>Interest on Cash Balances</u>				
City Fund	27,026	47,505	20,479	76%
City's Cash	5,507	1,585	(3,922)	(71%)
Total Interest on Cash Balances	32,533	49,090	16,557	51%
Grand Total	130,618	154,155	23,537	18%

- a) Property Investment Income is forecast to be £105.1m which reflects the June 2023 rental estimates, **a positive movement of £3.2m from quarter 1**. Due to the timing of reports, the update at September 2023 will be included in the Quarter 3 report. City's Cash £6.7m forecast surplus reflects the acquisition of two industrial estates, the delay to the sale of 55-61 Charterhouse Street and assumes that a number of leases are renewed rather than expire on the Tottenham Court Road Estate. The improved forecast is a combination of new leases, rent reviews offset by lease terminations.
- b) Income from Interest on Money Market funds on average cash balances is currently forecast to exceed budget by £16.6m principally due to higher than anticipated interest rates. **This is a positive forecast movement of £1.1m from quarter 1**, which is largely due to an improvement in the income yield on the short-dated bond fund investments during the quarter, which in accordance with the current Treasury Management Strategy Statement (TMSS), only impacts City Fund. The shortfall on City's Cash is due to a reduction in the average cash balances held. It should be noted that the forecast currently assumes the average split of cash amongst funds to September 2023 will continue for the rest of the year. This assumption is most vulnerable to a rapid drawdown in City's Cash balances and changes in light of the capital expenditure on the major projects. Moreover, the return on investments and valuations will be volatile throughout the year due to changes in interest rate expectation.

Conclusion

At the end of Quarter 2 2023/24 the overall forecast position is an underspend of £19.3m against budget comprising Central Risk Budget favourable variance of £22.0m partially offset by an adverse variance of £2.7m on Chief Officer Cash Limited Budgets.

Appendices

- Appendix 1 – Summary Position by Fund
- Appendix 2 - Chief Officer Cash Limited Budgets by Fund
- Appendix 3 - Central Risk Budgets by Fund

Louise Said

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Financial Services Division

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Q2 23/24 Revenue Budget Monitoring

Appendix 1

Summary Position - Forecast Variance Better/(Worse)					
As at 30 June 2023		As at 30 September 2023			
Total £'000		City Fund £'000	City's Cash £'000	Guildhall Administration £'000	Total £'000
(5,457)	Chief Officer Cash Limited Budgets	(2,780)	24	107	(2,648)
19,403	Central Risk Budgets	18,390	4,720	(1,115)	21,995
13,946	Total	15,610	4,744	(1,007)	19,347

Appendix 2

Chief Officer Cash Limited Budgets							
Full Year Forecast as at 30 June 2023		Chief Officer	Full Year Forecast as at 30 September 2023				Movement in Forecast Variance Better / (Worse) £'000
Variance Better / (Worse) £'000	%		Latest Budget £'000	Forecast £'000	Variance Better / (Worse) £'000	%	
		City Fund					
(3,523)	22%	Barbican Centre Managing Director	(16,573)	(17,091)	(518)	3%	3,005
48	(3%)	Chamberlain	(1,725)	(1,644)	81	(5%)	33
(36)	54%	Chief Operating Officer	(98)	(87)	11	(11%)	47
(37)	1%	City Surveyor	(4,840)	(4,821)	19	(0%)	56
(151)	2%	Deputy Town Clerk	(5,962)	(6,195)	(233)	4%	(81)
113	(1%)	Director of Community and Childrens Services	(14,836)	(15,939)	(1,103)	7%	(1,215)
(2,185)	10%	Executive Director Built Environment	(23,146)	(24,229)	(1,083)	5%	1,102
10	(0%)	Executive Director Innovation and Growth	(8,108)	(8,119)	(11)	0%	(21)
(5,761)	8%	Total City Fund (excluding Police)	(75,288)	(78,124)	(2,836)	3%	2,925
		City's Cash					
61	(78%)	Chamberlain	(84)	(102)	(18)	22%	(79)
(763)	67%	Chief Operating Officer	(1,231)	(1,210)	21	(2%)	784
(510)	3%	City Surveyor	(15,267)	(15,706)	(439)	3%	71
215	(7%)	Deputy Town Clerk	(3,266)	(2,997)	269	(8%)	53
387	(48%)	Director of Community and Childrens Services	(821)	(821)	0	(0%)	(387)
759	(7%)	Executive Director Built Environment	(11,201)	(10,915)	286	(3%)	(473)
0	0%	Head of the Boys School	(813)	(813)	0	0%	0
(0)	(0%)	Headmaster of City of London Freemens School	1,608	1,608	0	0%	0
(0)	0%	Headmistress of City of London School for Girls	(845)	(845)	(0)	0%	(0)
(0)	(0%)	Head of the Junior School	344	344	(0)	(0%)	0
0	0%	Principal Guildhall School of Music and Drama	(8,665)	(8,730)	(65)	1%	(65)
1	(0%)	Remembrancer	(1,423)	(1,451)	(28)	2%	(29)
150	(0%)	Total City's Cash	(41,664)	(41,640)	24	(0%)	(126)
		Guildhall Administration					
(146)	2%	Chamberlain	(9,775)	(9,988)	(213)	2%	(67)
258	(2%)	Chief Operating Officer	(15,286)	(15,587)	(301)	2%	(558)
(127)	2%	City Surveyor	(8,177)	(8,240)	(63)	1%	64
216	(25%)	Comptroller and City Solicitors	(930)	(523)	407	(44%)	190
(77)	2%	Deputy Town Clerk	(4,726)	(4,493)	233	(5%)	310
30	7%	Remembrancer	400	444	44	11%	14
154	(0%)	Total Guildhall Administration	(38,494)	(38,387)	107	(0%)	(47)
(5,457)	4%	Grand Total (excluding Police)	(155,446)	(158,151)	(2,705)	2%	2,752
0	(0%)	Commissioner of Police	(101,005)	(100,948)	57	(0%)	57
0	0%	Police Authority Board	(1,000)	(1,000)	0	0%	0
(5,457)	2%	Grand Total	(257,451)	(260,099)	(2,648)	1%	2,809

Central Risk Budgets						
Full Year Forecast as at 30 June 2023	Chief Officer	Full Year Forecast as at 30 September 2023				Movement in Forecast Variance Better / (Worse) £'000
Variance Better/ (Worse) £'000		Latest Budget £'000	Forecast £'000	Variance Better / (Worse) £'000	%	
	City Fund					
0	Barbican Centre Managing Director	(2,990)	(2,990)	0	0%	0
18,970	Chamberlain	(15,202)	5,277	20,479	(135%)	1,509
0	Chief Operating Officer	2,524	2,549	25	1%	25
(1,018)	City Surveyor	48,030	47,280	(750)	(2%)	268
(284)	Deputy Town Clerk	(1,002)	(1,186)	(184)	18%	100
(840)	Director of Community and Childrens Services	(292)	(451)	(159)	54%	681
(727)	Director of the Built Environment	7,998	7,093	(905)	(11%)	(178)
(87)	Executive Director Innovation and Growth	(9,915)	(10,031)	(116)	1%	(29)
16,014	Total City Fund	29,151	47,541	18,390	63%	2,375
	City's Cash					
(3,547)	Chamberlain	(34,941)	(38,853)	(3,912)	11%	(365)
598	Chief Operating Officer	1,989	2,258	269	14%	(329)
4,009	City Surveyor	54,875	59,690	4,815	9%	807
1,596	Deputy Town Clerk	(6,918)	(3,766)	3,152	(46%)	1,557
792	Director of Community and Childrens Services	(2,291)	(2,277)	14	(1%)	(778)
0	Director of the Built Environment	1,365	1,363	(2)	(0%)	(2)
(449)	Executive Director Innovation and Growth	(4,427)	(4,346)	81	(2%)	530
0	Head of the Boys School	(15)	(15)	0	0%	0
0	Headmaster of City of London Freemens School	26	26	0	0%	0
0	Headmistress of City of London School for Girls	(21)	(21)	0	0%	0
0	Principal Guildhall School of Music and Drama	(2,862)	(2,865)	(3)	0%	(3)
(95)	Remembrancer	(2,208)	(1,902)	306	(14%)	401
2,904	Total City's Cash	4,572	9,292	4,720	103%	1,816
	Guildhall Administration					
0	Chamberlain	(17,625)	(18,593)	(968)	5%	(968)
749	Chief Operating Officer	(1,450)	(1,323)	127	(9%)	(622)
119	City Surveyor	(4,185)	(4,066)	119	(3%)	0
(200)	Comptroller and City Solicitors	200	0	(200)	(100%)	0
22	Deputy Town Clerk	(318)	(307)	11	(4%)	(11)
(204)	Remembrancer	204	(0)	(204)	(100%)	0
485	Total Guildhall Administration	(23,174)	(24,289)	(1,115)	5%	(1,600)
19,403	Grand Total	10,549	32,544	21,995	209%	2,591

Committee(s): Corporate Services Committee Finance Committee Policy and Resources Committee	Dated: 18 October 2023 8 November 2023 16 November 2023
Subject: Target Operating Model (TOM) – final report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chief Strategy Officer	For Information
Report author: Alice Reeves, Assistant Director Corporate Performance & Analysis	

Summary

The Target Operating Model (TOM) was approved by the Court of Common Council in December 2020. It was intended to transform City Corporation leadership and organisational structures. Efficiency savings were required to be made alongside the programme. The TOM has achieved several outcomes: it has implemented an agreed set of Organisational Design principles relating to line management structures, resulting in the restructuring of departments and institutions, and it has refreshed the senior leadership team and created enabling services. Departmental savings relating to the TOM have been successfully achieved against target.

The TOM has been extremely challenging for the organisation. Positive outcomes have been achieved. However, the original design of how the programme was to be delivered, and the sequencing of the programme, combined with the extent of the restructuring changes, has had profound effects on what was ultimately delivered, on staff morale and on some service delivery.

Recommendation(s)

Members are asked to:

- **Note** this is the final Target Operating Model programme report, with a small number of areas to complete their restructuring, anticipated by the end of 2023.
- **Note** that financial savings targets in relation to the TOM savings have been overachieved against the £4.5m target, and where remaining savings against the 12% is not yet delivered are due to be realised in the current financial year.
- **Note** the impact of the Target Operating Model programme on City of London Corporation.
- **Note** lessons learnt from the process of implementing the Target Operating Model, which has been shared with Chief Officers.

Main Report

Background

1. The TOM programme was approved by the Court of Common Council in December 2020. It was intended to transform the City of London Corporation leadership and organisational structures, by aligning resources and priorities, prioritising front-line services, and enabling the organisation to become more agile and efficient. In addition, in March 2021 the Court of Common Council approved a budgetary reduction of 12% against 2021/22 departmental budgets, where efficiency savings were required, except for City Bridge Foundation (formerly Bridge House Estates) where no savings were required and the Department for Children's and Community Services which required savings of 6%.
2. At the time it was not possible to estimate what the TOM savings would be and allocate a target to departments. This was due to each department has a different cost base. Some departments are overwhelmingly staff costs, other departments have proportionately much smaller staff costs within their overall spend. The TOM target was therefore set at a minimum value of £4.5m and is part of the overall 12% reduction totalling £17.04m.
3. The TOM programme was originally due to complete by the end of March 2022. However, due to the complexity and scale of the programme, which involved splitting departments into service (front-line) and enabling functions (corporate) and restructuring all departments and institutions, so they align with an agreed set of organisational design principles, this has taken significantly longer.
4. All areas have now completed the design of their restructuring plans (that are compliant with the organisational design principles). Some areas are still in the process of implementing these restructuring plans, these are likely to complete by the end of 2023.
5. The programme did not clearly define objectives and outcomes, except for the cost savings and Organisational Design principles – these have been (or are being) implemented.
6. The interim TOM report (Finance Committee 21 February 2023, Corporate Services Committee 1 March 2023 and Policy and Resources Committee 23 March 2023) outlined the governance for the TOM and what the programme had achieved at the end of 2022. This report focuses on the impact of the programme on the organisation.

Current Position

7. The TOM has delivered several outcomes for City Corporation, including a leadership team more representative of the community it serves, and more consistent line management structures and norms across the organisation as

set out in the Organisational Design principles. However, there have been challenges associated with the programme and its delivery.

8. To date, the TOM savings achieved are £7.334m p.a., the target for staffing cost savings was £4.5m, this has been exceeded by £2.84m.
9. Departments and institutions were restructured simultaneously, hampering elements of delivery, and is one of the reasons that restructuring was not completed by March 2022 as originally anticipated. This approach also reinforced existing silos and severely impacted upon staff morale.
10. Of the four workstreams originally set up, not all were fully resourced – including that on people and culture. This is central to City Corporation being able to achieve its objectives and has now been separated from the TOM and is being taken forward as part of the People Strategy. Part of this workstream will focus on refreshing the corporate vision, values and behaviours - staff engagement on the People Strategy is already underway.

Outcomes and Analysis

11. The TOM has been disruptive to the organisation and its staff. Moving forward activity on the people strategy, organisational culture, continuous improvement and data will be key to support staff deliver objectives and create efficiency savings. The structural changes created by the TOM, together with the arrival of the new Town Clerk and Chief Executive means that the people elements and culture change can be delivered as an integral part of business as usual.
12. Programme-level equality impacts, metrics and other measures were not defined, so detailed analysis of specific TOM impacts is challenging. It is clear, however, that programme design and ineffective project planning exacerbated the challenges in delivering wide-ranging TOM changes. Enabling functions and support services (predominantly in HR, DITS and Chamberlains) were not scaled up to manage transition which, amongst other things, negatively impacted staff morale.
13. Despite splitting between service and enabling functions, programme activity did not involve reviewing the organisation horizontally and operationally for consistency and duplication, to align the needs of service departments with provision from the corporate centre. This is generating unintended consequences and impacting on potential efficiency gains. It is also reducing interoperability between departments that are already affected by staffing cuts. For several internally facing enabling functions (and some others) it has created uneven workloads and instability across the organisation.
14. Financially, the overall 12% savings is close to achieving its targets. Annual savings from the TOM total £7.334m - has been achieved through redundancy and flexible retirement The total 12% savings target is £17.04m, leaving unachieved savings of £0.86m. These are being addressed in

2023/24 with departments still going through their TOM. These savings are permanent and delivered on an annual basis.

15. The TOM cost the City Corporation £10.045m between 2019/20 and 2021/22 - most of this spend relates to redundancy and flexible retirement costs. There may still be further redundancy costs that are yet to be realised from those areas still implementing staff changes. During this period, costs relating to consultancy spend were £1.51m (for project and programme services provided by external providers). In addition, there are new ongoing salary costs of £1.8m p.a. mainly due to staffing changes arising from the TOM, of which have been resourced through reprioritisation of existing budgets. Of the £10.045m total costs, £8.245m are one-off costs to the Corporation.
16. Many lessons have been identified following the TOM. These have been shared with Chief Officers and should be taken into consideration for any future change programmes. Now that City of London Corporation has restructured it is in a better position to manage change.

Proposals

17. Members of Policy & Resources Committee, Corporate Services Committee and Finance Committee to note the status and impacts of the TOM programme - that some restructuring and cost savings activity will continue until the end of the calendar and financial year, respectively – and that there will be no more reports on the TOM.

Corporate & Strategic Implications – The TOM is delivering a more consistent and updated corporate and leadership structure for the organisation. It brings departments to a starting point to deliver transformational change; however, it does not deliver this. The TOM has successfully delivered new leadership structures, but further work is needed for culture change to happen.

Financial implications – A small balance of the 12% savings are still being realised, to be delivered in 2023/24. The general 12% savings applied to budgets totalled £17m. The TOM savings target (linked to staffing reductions) agreed by Court of Common Council in 2020/21 was £4.5m – this is the figure that has been exceeded. At the time this decision was made, it was not possible to estimate what the TOM savings would be and allocate a target to departments as each department has a different cost base. The TOM target was therefore a range with a minimum value of £4.5m and is part of the overall 12% reduction totalling £17m. In addition to savings, some new and strengthened functions were proposed that required investment (e.g. EDI, Chief Strategy Officer and office of the Chair of Policy and Resources) – these are where the new ongoing staffing costs apply.

Resource implications – Programme management resource ceased in March 2022, so programme support is limited to ensuring governance processes are functioning. This should not affect delivery by the end of 2023.

Legal implications - None

Risk implications – The longer the programme delivery aspect of the TOM process takes, the longer it will take for the organisation to focus on transformational change and realise the benefits of TOM.

Equalities implications – A programme level PSED or EIA was not completed. However, departmental restructuring plans were required to detail EIA implications and, where relevant, PSED assessments and actions.

Climate implications - None

Security implications - None

Conclusion

18. The TOM has been a wide-ranging and complex programme transforming City Corporation structures. New structures have been agreed and implemented or are due to be implemented by the end of 2023.
19. The 12%, or other agreed, cost savings are on track to be achieved by departments and institutions, noting that other cost savings initiatives are now underway given financial pressures.
20. The TOM programme had profound impacts on staff morale. The conclusion of the TOM programme represents an opportunity for City Corporation. The organisation has been restructured, and a new Town Clerk and Chief Executive is in post, with a vision for people and culture within the organisation that will support delivery of collective corporate goals.
21. Any lessons learnt from this TOM should be reviewed and applied in the event of further restructuring programmes being considered.

Appendices

- Appendix 1 – TOM Final Report

Background Papers

None

Previous report to Committee on this subject:

Target Operating Model (TOM) – Interim update report - Finance Committee 21 February 2023, Corporate Services Committee 1 March 2023 and Policy and Resources Committee 23 March 2023

Non-Public report of the Establishment Committee - Court of Common Council – 3 December 2020 (available on request from the Town Clerk’s Department)

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Committee(s): Resource Allocation Sub Committee Finance Committee City Bridge Foundation Board Policy and Resources Committee	Dated: 02/11/2023 06/11/2023 28/11/2023 16/11/2023
Subject: CIL and OSPR Capital Bids (Quarter 2 - 2023/24) & Capital Bids for 2024/25 Capital Programme	Non-Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	These bids span all 12 outcomes of the Corporate Plan
Does this proposal require extra revenue and/or capital spending?	Yes – subject to decision agreed, ring-fenced monies held will be committed to future approvals
If so, how much?	Up to £16.5m
What is the source of Funding?	City Fund (including CIL and OSPR), City’s Cash & City Bridge Foundation
Has this Funding Source been agreed with the Chamberlain’s Department?	Yes
Report of: Bob Roberts, Executive Director Environment Department and Caroline Al-Beyerty, Chamberlain and Chief Finance Officer	For Decision
Report author: Bhakti Depala, Assistant Director, City Development and Investment Unit, and Yasin Razaq, Group Accountant Corporate Capital	

NOT FOR PUBLICATION

This report is exempt by virtue of the paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. Specifically, paragraphs 1, 4 and 33 of the report contain sensitive information which may be exempted under the Act, and as this cannot be presented to Members as a separate appendix this report needs to be considered in closed session. It is considered that information falling under the following paragraphs outweighs the public interest in disclosing information:

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

Summary

Following on from new governance arrangements for the allocation of the City’s Community Infrastructure Levy (CIL) and On-Street Parking Reserves (OSPR). The committee are asked to consider the infrastructure projects listed in this report and prioritise these for funding in financial years 2023/24 to 2027/28.

The committee is also asked to consider new capital bids as part of the annual capital bidding process for the financial year 2024/25, Policy and Resources Committee and Finance Committee have provided a central funding envelope of £20m for City Fund and £5m for City Cash in relation to new bids for 2024/25. New capital bids where funding is requested from City Bridge Foundation would receive funding from unrestricted income funds, if considered to be in the best interests of the charity.

Bids were invited from departments in June 2023, informed by information held by the Chamberlains' department regarding funding availability.

As part of the quarterly process for CIL and OSPR funding within City Fund, five bids were received which are detailed in this report and summarised in table 4 in the main report. For all other Capital and Supplementary Revenue (SRP) schemes, a further seventeen bids were received, of which fourteen bids were progressed and endorsed for onwards approval by Priorities Board.

The committee are asked to review these projects against the CIL and OSPR funding priorities, and the assessment criteria for capital and supplementary revenue projects detailed in the body of the report.

Priorities Board, after review, recommend to RASC for approval of the following,

- Three of the five CIL and OSPR bids in table 4, without amendments, of which two bids are to be considered under the capital bids process, these are:
 - Car Parks Fire and Health Safety Actions - Fire Doors, Lighting and CCTV system replacement; and
 - City Cluster Programme
- Fourteen capital bids in table 5, of which:
 - two are to be funded by CIL and OSPR funds (as listed above); and
 - funding of three 'cross fund' schemes have been amended to either partially fund spend expected to be incurred in 24/25, or feasibility works to allow a better assessment of the requirement and options available.

Any fully approved bids will have to go through City of London Corporation's gateway process before progressing to the next stage.

Recommendation(s)

Members of Resource Allocation Sub Committee, Finance Committee and Policy and Resources Committee are asked to:

For projects bids considered under City CIL and OSPR funding:

- Review the project bids in line with the eligibility and prioritisation criteria as set out in Appendix 1.
- Note the forecast balances for City CIL and OSPR as detailed in paras 2.1 and 2.2 of the report, which incorporates the recommendations of the Priorities Board,

- Resource Allocation Sub Committee to recommend to Policy and Resources, and for Policy and Resources Committee to approve, the allocation of City CIL and OSPR funding to the three revenue schemes (listed in section 3.1 and detailed in Appendix 2):
 - City Gardens Revenue Budget
 - Ground Penetrating Radar Survey (GPRS) for Infrastructure Strategy; and
 - Street Furniture ASB Protection Measures

For new capital bids for the financial year 2024/25:

- Approve the new capital bids submitted (listed in section 3.2 and detailed in appendix 2), amounts requested and purposes for which these are requested, including two schemes funded by CIL (Bid AB2 – City Cluster Programme) and OSPR monies (Bid AB1 – Car Parks Fire and Safety).
- Approve the recommendations of the Priorities Board in relation to three schemes of the fourteen Capital and SRP bids. These are listed below with further detail found in paragraph 3.26.
 - Network Contract - Support and Refresh,
 - Corporate Device Stock Replacement
 - Public Switched Telephone Network (PSTN) Replacement
- To note new bids which require funding from City Bridge Foundation (CBF), will need to be considered as being in the best interests of the charity, noting the separate legal duties of the City Corporation as a Trustee.
- Note that the final decision for capital bids for inclusion in the 2024/25 draft budgets will be confirmed at the joint meeting of RASC and the Service Committee Chairmen and CBF Board in January 2024, with final approval in February /March by Finance Committee and the Court of Common Council
- Note the future funding requirements under section 7.

Members of City Bridge Foundation Board are asked to:

- Approve the five ‘cross fund’ capital bids submitted (referenced as AB10 to AB14 inclusive in Table 5 within the report), for which indicative amounts requested and purposes for which these are requested are listed in section 3.2 and detailed in Appendix 2 respectively.
- Approve the recommendations of the Priorities Board in relation to the three schemes of the five joint-funded Capital and SRP bids. These are listed below with further detail found in paragraph 3.26.
 - AB11 - Corporate Device Stock Replacement
 - AB12 - Network Contract - Support and Refresh,
 - AB14 - Public Switched Telephone Network (PSTN) Replacement
- To note new bids which require funding from City Bridge Foundation (CBF), will need to be considered as being in the best interests of the charity, noting the separate legal duties of the City Corporation as a Trustee.
- Note that the final decision for capital bids for inclusion in the 2024/25 draft budgets will be confirmed at the joint meeting of RASC and the Service Committee Chairmen and CBF Board in January 2024. With final approval in February /March by Finance Committee, CBF Board, and the Court of Common Council.

Main Report

1.0 Background

- 1.1 RASC agreed at their meeting on 12 December 2022 to establish new governance arrangements for the allocation of the City CIL and OSPR. Policy and Resources Committee are asked now to review the projects against the CIL and OSPR funding priorities.
- 1.2 The Community Infrastructure Levy (CIL) Regulations 2010 require the City Corporation (as a CIL charging authority) to apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.
- 1.3 The On Street Parking Reserve (OSPR) has a very limited remit for allocation as set out in Section 55(3A) of the Road Traffic Regulation Act 1984 (as amended) and the London Local Authorities and Transport for London Act 2003 set out in the report.
- 1.4 Bids for the City CIL and OSPR were invited from departments in early June 2023, informed by information held by the Chamberlains' department regarding funding availability. Five bids were received which are detailed in this report and summarised in the table below for consideration. The Priorities Board have reviewed the projects against the CIL funding priorities and OSPR funding priorities detailed in the body of the report. To note, of the five bids received it is recommended that two are within the criteria for classification of capital expenditure and should therefore be considered as part of the overall capital bids process (see paragraph 1.7 below).
- 1.5 The annual capital bid process was introduced as a means of prioritising the allocation of central funding for capital schemes. Due to hyperinflationary pressures, this was paused during 2023/24 with a contingency sum held to meet urgent works within City Fund and City's Cash. Requirements applicable to CBF continue to be considered through the lens as to what is in the best interests of the charity. The current bids are for programmes commencing in 2024/25.
- 1.6 Policy and Resources Committee and Finance Committee have provided a central funding envelope of £20m for City Fund and £5m for City Cash in relation to new bids for 2024/25. This level of spend is affordable alongside the approved major project spend/ investment, which currently sits at £2.28bn across City Fund and City Cash.
- 1.7 A total of 19 bids for Capital and Supplementary Revenue (SRP) schemes were received, of which fourteen were progressed onto Priorities Board for consideration. The remaining five bids were rejected as part of the capital bids process as these did not meet the criteria for classification of capital expenditure. The fourteen bids totalled £25.2m, split between the funds: £16.9m City Fund; £6.9m City's Cash; and £1.3m for the City Bridge Foundation (CBF). These are indicative allocations based on an estimate apportionment of

'cross fund' schemes; the actual recharge will be determined once further work has been undertaken to identify areas of activity that projects relate to e.g., works on a HRA (Housing Revenue Account) dwelling, will be recharged in full to the HRA.

- 1.8 The bids include two for CIL and OSPR funding; the funding approvals for these have been progressed through the CIL and OSPR Capital Bids (Quarter 2 - 2023/24 process). Due to the scale of funding involved as explained under section 1.4, it is recommended that these bids are now considered as part of this annual bidding round.
- 1.9 The approved bids will progress from Resource Allocation Sub Committee, Finance Committee, Policy & Resources (P&R) Committee and CBF Board to provide in principle funding approval to the schemes.
- 1.10 The indicative costs of agreed schemes will then be incorporated into medium term financial plans/ financial forecasts to assess the financial impact in context of each corporation fund and will be confirmed at the joint meeting of RASC and the service committee chairmen and CBF Board in January 2024. The final approval before these bids are incorporated in the capital programme is in February /March by Finance Committee, and the Court of Common Council.
- 1.11 Any fully approved bids will have to go through City of London Corporation's gateway process before progressing to the next stage.

2.0 Current Position

- 2.1 As at 1st September 2023, the City held £67.7m in General City CIL (excluding admin 20%). Further CIL income of £37m is projected up to 2027/28 as shown in Table 1 below. Currently, £44.8m has been committed to several approved schemes, therefore funding of £59.9m (forecast until 2027/28) is available to be allocated to new schemes.

Table 1: General CIL Financial Summary:

	Prior Year Actual/ Approved	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	TOTAL
	£m	£m	£'m	£m	£m	£m	£m
TOTAL INCOME (80% CIL - General Pot)	(57.7)	(10.0)	(8.8)	(9.1)	(9.4)	(9.7)	(104.7)
TOTAL OF CAPITAL, SRP	12.7	20.6	10.3	1.2			45
DEFICIT/(SURPLUS) Brought Forward @ 1st April		(45.0)	(34.4)	(33.0)	(40.9)	(50.2)	(59.9)
DEFICIT/(SURPLUS) Carried Forward @ 31st March	(45.0)	(34.4)	(33.0)	(40.9)	(50.2)	(59.9)	

2.2 As at 1st September 2023, the City held £56.2m in OSPR. Further income of £47m is projected up to 2027/28 as shown in Table 2 below. Currently, £88.2m has been committed to several approved schemes, therefore funding of £15m (forecast until 2027/28) is available to be allocated to new schemes.

Table 2: OSPR Financial Summary:

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	
	£m	£m	£m	£m	£m	£m	£m
Expenditure - salaries, enforcement contract, other running expenses	3.7	3.7	3.8	4.0	4.1	4.2	23.4
Income - PCN's, parking meters, suspended bays, dispensations	(13.8)	(12.6)	(12.9)	(13.3)	(13.7)	(14.1)	(80.6)
NET REVENUE SURPLUS GENERATED IN YEAR	(10.2)	(8.8)	(9.1)	(9.4)	(9.7)	(10.0)	(57.1)
TOTAL OF CAPITAL, SRP & REVENUE COMMITMENTS	5.62	23.85	9.65	3.29	2.85	2.93	48
TOTAL BIDS (AGREED BY PRIORITIES BOARD)	0.00	4.77	9.95	8.56	1.91	1.91	27
TOTAL CAPITAL BIDS & MAJOR SCHEME DEPENDENCIES AND ON-HOLD	0.00	6.76	4.77	2.35	2.30	2.39	19
DEFICIT/(SURPLUS) Brought Forward @1st April	(51.7)	(56.2)	(29.7)	(14.4)	(9.6)	(12.2)	
DEFICIT/(SURPLUS) Carried Forward @ 31st March	(56.2)	(29.7)	(14.4)	(9.6)	(12.2)	(14.9)	

2.3 It should be noted that these figures are based on projected future income levels and will need to be reviewed regularly. Additionally, the CIL and OSPR ring-fenced funds cannot move into a deficit position in any one year, so phasing of schemes will be crucial to avoid this happening.

2.4 CIL and OSPR are discrete funding allocations of the City's overall capital programme, totalling £2.28bn, excluding CBF. Table 3 summarises the forecast capital programme for centrally funded approved schemes at the end of Quarter 1, split between capital, SRP, and major projects, and analysed by Fund.

Table 3: Quarter 1 Capital and SRP forecast:

	23/24 £m	24/25 £m	25/26 £m	26/27 £m	27/28 Onwards £m	Total £m
City Cash BAU Capital	48.5	59.8	4.6	-	-	112.9
City Cash BAU SRP	31.0	0.2	1.1	0.8	-	33.1
City Cash BAU Total	79.5	60.0	5.7	0.8	-	146.0
Major Projects City Cash	198.4	129.5	268.6	249.5	104.2	950.2
Total City Cash	277.8	189.5	274.3	250.3	104.2	1,096.2
City Fund BAU Capital	137.4	132.7	53.1	10.8	10.3	344.3
City Fund BAU SRP	12.8	3.4	4.2	1.2	0.3	21.9
City Fund BAU Total	150.2	136.1	57.3	12.0	10.6	366.2
Major Projects City Fund	172.5	202.3	306.9	107.3	29.9	818.9
City Fund Total	322.7	338.4	364.2	119.3	40.5	1,185.1
Combined Total	600.5	527.9	638.5	369.6	144.7	2,281.3

Excludes new bids for 2024/25

3.0 Bids Summary

3.1 OSPR and CIL Bids

3.1.1 Table 4 below summarises the project bids received against the criterion set out in Appendix 1 for CIL and OSPR funding. Further details in relation to each bid is set out in Appendix 2.

3.1.2 All these bids were approved by Priorities Board for onward approval.

Table 4: CIL and OSPR Project Bids - Quarter 2 (2023/24)

Proposed Bid	CIL requested £m	OSPR requested £m	Funding Priority
City Gardens Revenue Budget	-	0.20 (per annum)	OSPR - Highway and cleansing maintenance operations.
Ground Penetrating Radar Survey (GPRS) for Infrastructure Strategy	-	0.15	OSPR - Revenue funding for highway and cleansing maintenance operations - Projects that support the outcomes of the Transport strategy - City of London, with additional priority given to projects that would support the delivery of Vision Zero by reducing serious and fatal collisions and projects that would improve accessibility.
Street Furniture ASB Protection Measures	-	0.10	OSPR - Revenue funding for highway and cleansing maintenance operations - Projects that support the outcomes of the Transport strategy - City of London, with additional priority given to projects that would support the delivery of Vision Zero by reducing serious and fatal collisions and projects that would improve accessibility
Total	-	0.45	

**The Car Parks Fire and Safety actions scheme, and City Cluster programme are capital bids and therefore form part of the annual Capital and SRP programme, but funded by OSPR and CIL monies respectively. These bids have therefore been considered as part of the new capital bids process and not in isolation and therefore included within the Capital and SRP bids summary below for completion.*

3.2 Other Capital and SRP Project Bids

- 3.2.1 In total 19 bids were submitted totalling £26.3m; after review and challenge it was deemed that five of these did not meet the bid criteria and have been removed. The estimated cost of the rejected bids totalled £1.1m.
- 3.2.2 Of the total submissions there are 14 bids outlined in the proposal section for consideration, these have been summarised in table 5 totalling £25.2m. This includes the following two schemes covered as part of the CIL and OSPR bidding process:
- Car Parks Fire and Health Safety Actions is an OSPR funded project, and
 - the City Cluster Programme funding is using CIL.
- 3.2.3 Whilst bids in relation to City Fund are within the £20m envelope, City's Cash exceeds the overall envelope by £1.9m. Members of the RASC are asked to consider which bids are endorsed for onward approval to Policy and Resources and Finance Committee's.
- 3.2.4 The bids have been assessed on an essential/important/advisable basis. Proposals that span across all funds have been split using the following recharge method, 55% to City Fund, 37% to City Cash and 8% to CBF. These are indicative allocations; the actual recharge will be determined once further work has been undertaken to identify areas of activity that projects relate to e.g., works on a HRA (Housing Revenue Account) dwelling, will be recharged in full to the HRA.

Table 5: Summary of bids considered by priorities board, in £m

Ref	Project	Fund	Essential/ Advisable/ Desirable	Project Category	City Fund £m	City Cash £m	CBF £m	Total £m
AB1	Car Parks Fire and Health Safety Actions - Fire Doors, Lighting and CCTV system replacement	City Fund	Essential	Health and Safety	0.400			0.400
AB2	City Cluster Programme	City Fund	Essential	Fully or substantially reimbursable	5.900			5.900
AB3	Central Criminal Court Public Gallery Safety Improvements	City Fund	Essential	Health and Safety	0.250	-	-	0.250
AB4	Central Criminal Court Additional Fire Alarm Requirements	City Fund	Essential	Health and Safety	0.700	-	-	0.700
AB5	Fire Doors and Shutters - Central Criminal Court	City Fund	Essential	Health and Safety	0.250	-	-	0.250
AB6	Pipework - Central Criminal Court	City Fund	Essential	Health and Safety	0.250	-	-	0.250
AB7	City Commons: Boundary livestock fencing replacement West Wickham & Coulsdon Commons (WW&CC) and Stoke Common	City Cash	Essential	Health and Safety	-	0.092	-	0.092
AB8	City Commons: Entrance board replacement	City Cash	Essential	Health and Safety	-	0.160	-	0.160
AB9	Epping Forest Copped Hall Park Tudor Square Pond Sluice Gates	City Cash	Essential	Statutory Compliance	-	0.470	-	0.470
AB10	Guildhall Complex Fire Alarm Replacement	All	Essential	Health and Safety	0.495	0.333	0.072	0.900
AB11	Corporate Device Stock Replacement	All	Important	Brilliant Basics	0.138	0.093	0.020	0.250
AB12	Network Contract - Support and Refresh	All	Important	Brilliant Basics	5.5	3.700	0.800	10.000
AB13	Audio Visual Equipment	All	Advisable	Brilliant Basics	0.077	0.052	0.011	0.140
AB14	Public Switched Telephone Network (PSTN) Replacement	All	Essential	Statutory Compliance	2.750	1.850	0.400	5.000
	Total				16.952	6.912	1.338	25,202

3.2.6 Priorities Board endorsed all schemes for onward consideration noting the following comments and reduction in initial funding for AB12 and AB14 :

- For schemes relating to the Central Criminal Court (AB3 – AB6), Priorities Board queried whether any of these were covered by the current Cyclical Works Programme (CWP) - officers confirmed they did not.
- That the Corporate Device Stock Replacement (AB11) included funding for replacement of existing stock, and stock for new accounts arising from an increasing establishment. It was agreed that there were strategic benefits in a centrally managed procurement arrangement of corporate devices. However, Priorities Board recommended investigating a recharge mechanism for new accounts where the establishment had increased, to support the capital costs incurred.
- That both the Corporate Device Stock Replacement (AB11) and Network Contract Support and Refresh (AB12) would be delivered over three years, and £4.25m of the total £10.69m requested is profiled for delivery in 24/25. Priorities Board recommend to that a partial approval of the amounts relating to 24/25 would be appropriate to reduce the cumulative resource request. The department would need to return in future years to request additional funding requirements.
- For the Public Telephony Service Network, Priorities Board recommends that an initial funding of £0.12m is approved from Finance Committee contingencies, for a feasibility assessment to be commenced this year to identify the location and extent of required works, and what options are available to manage this over a long-term period, noting the urgency due to the network being switched off in 2025. At the time of writing the report it was still unknown how much will be required in 2024/25 therefore an indicative amount of £2.5m have been put forward and will be updated to the committee.

Table 6 summarises the financial impact of the recommendations of the Priorities Board.

Table 6: Summary of approvals by priorities board, in £m

Project	Comments	City Fund	City Cash	CBF	Total
Projects approved as outlined in table 5 (AB1-AB10, AB13)		8.322	1.107	0.083	9.512
Projects with Amendments					

Corporate Device Stock Replacement (AB11)	Investigate a recharge mechanism for new accounts where the establishment had increased, to support the capital costs incurred.	0.138	0.093	0.020	0.250
Network Contract - Support and Refresh (AB12)	Partial approval of the amounts relating to 24/25	2.338	1.573	0.340	4.250
Public Switched Telephone Network (PSTN) Replacement (AB14)	Feasibility assessment required to identify the location and extent of required works, and what options are available to manage this over a long-term period. Currently indicative amount of £2.5m has been put forward	1.375	0.925	0.200	2.500
Total		12.172	3.697	0.643	16.512

3.2.7 Table 7 summarises the estimated funding impact across the funds if above recommendations by Priorities Board are adopted.

Table 7: Funding Source by financial year in £m, if Priorities Board recommendations are adopted in full.

Fund	24/25, £m	25/26, £m	26/27, £m	Total
City Fund-OSPR	0.400			0.400
City Fund-CIL	1.000	2.600	2.300	5.900
City Fund	5.872	-	-	5.872
City Cash	3.341	0.356	-	3.697
CBF	0.643	-	-	0.643
Total	11.256	2.956	2.300	16.512

4.0 Future Bids

4.1 HR, Payroll, Finance Solution, ERP (Enterprise Resource Planning)

4.1.1 The ERP replacement programme's objective is to provide the City Corporation with a fully integrated HR, Payroll, Finance and Procurement solution. Following approval of gateway 3 and initial commercial tender exercise to establish a preferred platform, officers have undertaken a full budgetary review to cover all anticipated costs of implementing a chosen solution to reflect current market conditions, and lessons learned by other public sector organisations who have implemented ERP systems recently. A paper setting out the revised funding requirement will be brought to RASC for consideration, with impacts for CBF to be provided to the MD of the charity under delegated authority.

4.2 Museum of London

4.2.1 The relocation of the Museum of London to new premises is a jointly funded programme between the City of London, Museum of London and Greater London Authority, led by the New Museum Board. The City's contribution is fully eligible for CIL funding. The Priorities Board are considering how much of the CIL funding could prudently be released for the New Museum of London infrastructure. The Financial Services Director has confirmed a funding gap of £54m. A proposal will need to be brought forward for this Resource Allocation Sub Committee's attention shortly.

4.3 Cyclical Works Programme (CWP) – Car Parks element

4.3.1 The Cyclical Works Programme (CWP) is an ongoing programme seeking to remediate the dilapidation of assets across the Corporations portfolio, including City Fund's Car Parks. The cost of CWP works on these car parks can be met by the OSPR. City Surveyors and Environment are drafting a proposal to be received by priorities board for consideration against OSPR criterion for onward recommendation to RASC.

4.3.2 The table below shows the indicative cost of CWP works needed to City Fund car parks over the next three years.

Table 7: Estimated cost of CWP works required to City Fund Car Parks

	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m
Capital	0.29	0	0	0.29
Revenue	2.29	1.05	0.76	4,094
	<u>2.58</u>	<u>1.05</u>	<u>0.76</u>	<u>4,388</u>

5.0 Cyclical Works Programme funding update

- 5.1 City Surveyors currently estimate that the cost of clearing the current backlog of urgent repairs and forward plan under the CWP is £130.9m, comprising £45.7m relating to City Cash, £42.2m Guildhall and £42.3m City Fund respectively. City Surveyors and the Chamberlain's department are working to develop a sustainable delivery plan to address this backlog, with a paper due to RASC in December.

6.0 Corporate & Strategic Implications

- 6.1 The City Gardens Revenue Budget project apply OSPR towards Priority 1 - highway and cleansing maintenance operations. It would support the outcomes of the London Transport Strategy, Climate Action Strategy and Destination City.
- 6.2 The bid request for the Car Parks Fire and Health Safety Actions - Fire Doors, Lighting and CCTV system replacement would apply OSPR towards Priority 2 - investment in off-street car parks. The project would support the outcomes of the London Transport Strategy in reducing the need for on street parking, helping to ensure street space is used efficiently and effectively. The works have been identified following fire risk assessments and a number of surveys and are listed as a major risk and aligns to broader Corporate Health and Safety Risks and Strategy objectives.
- 6.3 The bid request for the Ground Penetrating Radar Survey (GPRS) for Infrastructure Strategy would apply OSPR towards funding towards Priority 1 - highway and cleansing maintenance operations. The project would support the outcomes of the London Transport Strategy objectives relating to efficient and effective use of our streets and ensuring accessibility and resilience to future changes. It would also support the Climate Action Strategy in considering the potential expansion of local heat networks across the Square Mile.
- 6.4 The Street Furniture ASB Protection Measures project would apply OSPR towards Priority 1 - highway and cleansing maintenance operations and Priority 3 support the outcomes of the London Transport Strategy. The project would support the outcomes of a key strategic objective of the Transport Strategy, ensuring people can safely walk and cycle in the City.
- 6.5 The City Cluster Programme would facilitate the outcomes of the London Transport Strategy Support, Destination City and the Climate Action Strategy by enhancing the public realm, provision of more greenery and improving accessibility. The project aligns with the City Cluster Vision and these improvements are considered to be Essential to accommodate the expected growth in City workers and visitors as a result of several new developments in the area.
- 6.6 The Capital bids as part of their submission were required to align with corporate and strategic plans. The capital bids address aspects of the corporate plan including health and safety, work to improve our open spaces and ensuring that we are improving our digital capacity.

7.0 Financial implications

- 7.1 CIL general (excluding admin 20%) currently has forecast available funds of £59.9M up to 2027/28. If all bids recommended by the Priorities Board were to receive full funding requested (£5.9M), this would reduce the City CIL available balance to £54M for the period up to 2027/28.
- 7.2 OSPR currently has forecast available funds of £15M up to 2027/28. If all bids recommended by the Priorities Board were to receive full funding requested (£1.7M), this would reduce the OSPR available balance to £13.3M for the period up to 2027/28.
- 7.3 It should be noted that these figures are based on future income levels that are projections and will need to be refined each year. Furthermore, the CIL and OSPR ring-fenced funds cannot move into a deficit position in any one year, so phasing of schemes will be crucial to avoid this happening.
- 7.4 Further City CIL to be received in this financial year (2023/24) is estimated to be £6.8M from developments that have commenced, and the CIL liability is due to be paid within the next 6-12 months.
- 7.5 The Capital and SRP project bids that are approved for City Fund and City Cash, within the approved funding envelope of £20m and £5m respectively will be met from the general reserves of each fund.
- 7.6 New capital bids where funding is requested from City Bridge Foundation would receive funding from unrestricted income funds, if considered to be in the best interests of the charity.

8.0 Legal implications

- 8.1 The proposed projects have been considered against the criteria for the use of CIL and OSPR and the ranking of each is set out above. The OSPR bids are in accordance with the Road Traffic Regulation Act 1984 and the London Local Authorities and Transport for London Act 2003. The CIL bid would comply with Section 216 of the Planning Act 2008 and Regulation 59 of the Community Infrastructure Levy Regulations 2010 as the CIL would be applied to the provision, improvement, replacement, operation or maintenance of infrastructure (as defined) to support the development of the City.

9.0 Risk implications

- 9.1 There are risks associated with development in the City not being brought forward if the Critical and essential infrastructure projects are not progressed.

10.0 Equalities Impact

- 10.1 There are no equalities implications associated with the proposals within this report. Each project will undertake an Equalities Impact Assessment.

11.0 Conclusion

- 11.1 The guidance for allocating CIL firstly identifies if the type of project is infrastructure in accordance with Test 1 and Test 2 requires the board to consider if the infrastructure proposed is needed to support the development of the City. For CIL funding priorities projects are identified as Critical, Essential or Important. The City Cluster project has been assessed in accordance with these criteria, as set out in paragraph 5 and meet both Test 1 and Test 2.
- 11.2 The requests for OSPR meet the funding priorities and are considered to be in accordance with the applicable legislation.
- 11.3 RASC, Policy and Resources and Finance Committee's have been asked to agree in principle funding for the CIL and OSPR in addition to the annual capital bids in appendix 2
- 11.4 CBF Board have been asked to agree in principle funding for the five cross fund capital bids submitted.

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Appendices

- Appendix 1 – Funding Criterion
- Appendix 2 – Detailed bid criteria

Appendix 1 - Funding Criterion

1. For all bids irrespective of funding sources, the Committee will take account of the extent to which projects support delivery of the Corporation's strategies and initiatives, including the '*Climate Action Strategy - City of London*' and '*Destination City*'. Bids should set out how the project would support the relevant strategic objectives.

CIL

2. The Community Infrastructure Levy Regulations 2010 require the City Corporation (as a CIL charging authority) to apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area. National Planning Practice Guidance provides that "Local authorities must spend the levy on infrastructure needed to support the development of their area and they will decide what infrastructure is needed. The Levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support the development." "Infrastructure" is defined by Section 216 of the Planning Act 2008 to include (a) roads and other transport facilities; (b) flood defences; (c) schools and other educational facilities; (d) medical facilities; (e) sporting and recreational facilities; and (f) open spaces.
3. Priorities for CIL allocations are set out in the City Corporation's Infrastructure Delivery Plan - July 2013 (IDP) and are to be applied by the Priorities Board when recommending infrastructure projects.

The **CIL** funding priorities are categorised as follows:

- Critical:

Lack of infrastructure is a physical constraint to growth; development cannot come forward if the infrastructure is not provided.

- Essential:

Development cannot come forward in a sustainable and acceptable way if the infrastructure is not provided.

- Important:

Development can come forward if the infrastructure is not delivered, but some sustainability goals will need to be compromised and some adverse impacts accepted.

OSPR

On Street Parking Reserve has a very limited remit for allocation as set out in Section 55(3A) of the Road Traffic Regulation Act 1984 (as amended) and the London Local Authorities and Transport for London Act 2003 set out in the report.

The **OSPR** funding priorities are identified in legislation, which provides that any surplus not applied in the financial year may be carried forward. If it is not to be carried forward, it may be applied by the City for one or more of the following purposes: -

- a. making good to the City Fund any deficit charged to that Fund in the 4 years immediately preceding the financial year in question;
- b. meeting all or any part of the cost of the provision and maintenance by the City of off-street parking accommodation whether in the open or under cover;
- c. the making to other local authorities, or to other persons, of contributions towards the cost of the provision and maintenance by them, in the area of the local authority or elsewhere, of off-street parking accommodation whether in the open or under cover;
- d. if it appears to the City that provision in the City of further off-street parking accommodation is for the time being unnecessary or undesirable, for the following purposes, namely: -
 - meeting costs incurred, whether by the City or by some other person, in the provision or operation of, or of facilities for, public passenger transport services;
 - the purposes of a highway improvement project in the City;
 - meeting the costs incurred by the City in respect of the maintenance of roads at the public expense; and
 - for an “environmental improvement” in the City;
- e. Meeting all or any part of the cost of the doing by the City in its area of anything which facilitates the implementation of the Mayor’s Transport Strategy, being specified in that strategy as a purpose for which a surplus can be applied; and
- f. making contributions to other authorities, i.e. the other London Borough Councils and Transport for London, towards the cost of their doing things upon which the City in its area could incur expenditure upon under (a)-(e) above

Other Capital and SRP Project Bods

1. Service areas were asked to submit bids for central funding for capital projects based on the following criteria:

The project must be an essential scheme (Health and Safety or Statutory Compliance, Fully/substantially reimbursable, Major Renewal of Income Generating Asset, Spend to Save with a payback period < 5 years.

Must address a risk on the Corporate Risk register; or the following items that would otherwise be escalated to the corporate risk register:

- a) Replacement of critical end of life components for core services;
- b) Schemes required to deliver high priority policies; and
- c) Schemes with a high reputational impact.

Must have a sound business case, clearly demonstrating the negative impact of the scheme not going ahead, i.e. penalty costs or loss of income, where these are material.

Appendix 2 – Details of Bids

OSPR Bids

City Gardens Revenue Budget

This bid requests a contribution to maintain the provision and standard of the City's green infrastructure both on-street and in our green spaces.

A number of open spaces within the square mile only received 5 years funding for ongoing maintenance, this has supported resources for this period of time but will be leading to an upcoming funding shortfall.

The shift in footfall across the working week and the increased use of City Gardens at weekends is putting a strain on existing resources. On busy weekends, the team are finding it challenging to keep on top of the essential maintenance works such as litter picking and the opening and closing of the gardens which make our spaces accessible and pleasant for City visitors.

The redevelopment of Finsbury Circus, the City's largest and oldest open space will complete in 2024. The garden has been specifically designed to facilitate events which will support the Destination City programme, as well as providing planting to increase biodiversity and adapt to future changes in Climate.

In order to support events and maintain our Gardens as flagship open spaces in the Square Mile, additional resources are required.

A bid of £0.2m per annum is requested from OSPR.

The project would support the following strategies and priorities:

- Priority 1 - Revenue funding for highway and cleansing maintenance operations.
- Transport Strategy - Indirectly support air quality objectives of the Transport Strategy by maintaining trees and greenery in City owned green spaces. (Well-maintained planting is a key element of the Transport Strategy vision).
- Destination City - Destination City events will regularly benefit from the green spaces maintained by the City Gardens services, in particular, the new Finsbury Circus Garden.
- Climate Action Strategy - The City Gardens team are working alongside the Climate Resilience and Public Realm team to plant more trees and redevelop a number of our key public open spaces with more biodiverse and climate resilient planting schemes. This enhanced commitment will also provide valuable shade and reduce street temperatures.
- Corporate Plan Priorities - We have clear air, land and water and a thriving sustainable natural environment; and - Our spaces are secure resilient and well maintained.

Car Parks Fire and Health Safety Actions - Fire Doors, Lighting and CCTV system replacement

This bid is for additional funding for the Environment's four City Car Parks which require capital funding for essential Fire Safety and Health and Safety works to ensure that they are safe and that risks are appropriately mitigated.

This investment forms part of the wide-ranging strategy developed post-Grenfell which also incorporates the Corporation's Health and Safety and Fire Policies for operational awareness and minor works. Please note the project plan and cost have been informed by learnings on similar projects within the Car Parks estate.

Funding will enable replacement/upgrades of Fire Doors, Lighting and CCTV systems. This equipment has been identified during the regular inspection process as being non-compliant and posing fire and health and safety risks. The funding request is for remedial actions or replacements to be carried out to ensure all work for the fire door, lighting and CCTV system meet the required Fire and Healthy and Safety standards within the Car Parks.

These works are fully separate to the major fire safety project at London Wall car park approved at the last Priorities Board. Instead, they represent a collection of smaller scale requirements that would otherwise have to be considered through the Capital Works Programme bidding process, but the availability of OSPR specifically for maintaining off-street parking facilities allows the necessary Capital Works Programme investment to be focused elsewhere.

Although some of these four car parks have the potential for future redevelopment, it is not expected that any of the four would be declared surplus before 2030, and as such these works are recommended to ensure the respective facilities remain safe and fit for purpose in the medium term.

A bid for £400,000 is requested from OSPR (includes £40,000 risk provision). (Spend Profile - 23/24 Evaluation and Design Development Stage Q4- £150,800, 24/25 Construction and Implementation stage Q2 -£249,200)

The project would support the following strategies and priorities:

- Priority 2 - Investment in off-street car parks
- Transport Strategy in reducing the need for on street parking, helping to ensure street space is used efficiently and effectively, supporting accessibility and reducing emissions from vehicles which may otherwise idle.
- The works required have been defined following fire risk assessments and a number of surveys and are listed as a major risk on Pentana - ENV CO HW 010 which aligns to broader Corporate Health and Safety Risks and Strategy objectives.

Ground Penetrating Radar Survey (GPRS) for Infrastructure Strategy

This bid would fund a complete Ground Penetrating Radar Survey of the City's roads and footways. City Operations is in the process of establishing a Utility Infrastructure Strategy to inform our service priorities and key objectives for our

highway and public realm infrastructure. This is closely aligned to the City's long-term Transport Strategy and is about to go out for public consultation. The bid would enable the data required to inform the Infrastructure Strategy and capital programme planning.

A complete, detailed baseline of the utility infrastructure that lies immediately below our road network is a key element of the Infrastructure Strategy. Current datasets are useful but are generally project specific and are overly reliant on local knowledge from individual officers. As such the information is inconsistent, unreliable and incomplete.

This lack of consistent information means we cannot help utilities plan their network expansion requirements (i.e. we don't fully know where there's space under our roads) and we cannot easily plan our own highway capital improvements (such as plant new trees and reconstruct the highway) without first excavating the road to check for underground plant.

The data will also be of use to Planning Colleagues in considering new developments and to City Surveyors in their assessment for the potential expansion of local area heat networks such as Citigen.

It would also aid utilities in their advance planning process for street-works activities, minimising abortive works to prove new routes for expansion and thereby reducing disruption to the public. Establishing an Infrastructure Strategy to inform our service priorities, results, development and innovation for highway infrastructure.

A bid for £150,000 is requested from OSPR. (Spend profile of £75,000 in FY 23-24 and £75,000 in FY 24-25)

The GPR Survey project supports the following strategies and priorities:

- Revenue funding for highway and cleansing maintenance operations
- Transport Strategy objectives relate to efficient and effective use of our streets, minimising disruption through roadworks, ensuring accessibility and resilience to future changes.
- Climate Action Strategy - This survey data will be invaluable in considering the potential expansion of local heat networks across the Square Mile, a key element within the delivery plan for the City Local Area Energy Network under the Climate Action Strategy.

Tech City - Innovation through the use of intelligent install solutions and similar AI tools which aligns with the Tech City strategy.

Corporate Outcomes are enabled through an effective utility infrastructure strategy including People are safe and feel safe on our roads and Communities are cohesive and have the facilities they need.

Street Furniture ASB Protection Measures

This bid is being submitted to secure funds to retrospectively apply street furniture remediation from anti-social behaviour, specifically anti-skateboarding measures.

In recent years, we have made sure that all projects involving changes on street, have included appropriate anti-skateboarding measures such as discrete notches within the planters, kerbs and/or the seating to stop skateboarding damage to these highway assets. However, when the streets became less busy during Covid, we experienced an influx of skateboarders who found a range of locations within the square mile to the detriment of a number of public realm assets, often including material damage. The problem generally occurs in areas which have not had the benefit of the more recent projects which now include design features to deter skateboarding and prevent or at least minimise skateboarding damage.

The works include retrospectively apply anti-skateboarding measures including notches in planters and kerbs, to introduce of corduroy paving before and after steps, and/or deterrents on handrails. Note that these measures have been successfully trailed in an area around St. Paul's. This success has informed a better understanding of what is required and the relevant costs to complete a programme of works to include: St. Paul's Churchyard, Sermon Lane/Peters Hill, Aldgate Square, Fann Street, Mitre Square and more recently in and around the Guildhall.

A bid for £100,000 is requested from OSPR is requested. (Spend Profile £50,000 in FY 23-24 and 50,000 in FY 24-25)

In terms of OSPR funding priorities, the project supports the following strategies and priorities:

- Priority 1 - Highway and cleansing maintenance operations.
- Priority 3 - Projects which support outcomes of the Transport Strategy
- Transport Strategy - people can safely walk and cycle in the City
- Destination City – support premier locations for visitors and events and reduce negative impacts on these spaces from anti-social behaviour.

CIL Bids

City Cluster Programme

The City Cluster has the most development activity of any part of the City. Over the next five years a number of significant buildings including several towers will be completed which will transform the townscape and bring many more people into the area. It is essential that the streets and public realm are transformed in order to enable and support this development and provide a high-quality environment that is commensurate with the developments. The City Cluster programme is the Committee approved mechanism to deliver this change.

This programme is overseen by a Programme Board which includes Ward Members from Aldgate, Lime Street, Langbourn and Bishopsgate wards, local stakeholders and is Chaired by the Chair of Planning and Transportation Committee. It also includes the Chair of the EC BID and representation from the City Property Association and TfL.

The City Cluster area is undergoing a dramatic transformation with four consented developments being built in the City Cluster and nearly six tall building

developments either approved or in the pipeline seeking planning approval. This creates some real challenges to accommodate increased footfall, servicing requirements and growth in local infrastructure in order to accommodate pre-construction, construction and building occupation requirements. Therefore, changes are required to provide an inclusive and fit for purpose environment across the area to support the developments already granted and those yet still to be considered.

This City Cluster area alone has generated in excess of £80m in CIL contributions.. Developers are also supportive of the programme and have specifically requested that their CIL contributions are used for this programme.

These buildings will see a huge increase in the number of people using the already crowded streets in the area and will increase demand for a high-quality environment that is commensurate with the quality of the developments and support the changing needs of City workers and visitors, providing resilient environments and facilities to support sustainable travel modes and provide public spaces for people to dwell in throughout the area.

The current lack of suitable infrastructure is a physical restraint to growth in the area. The programme looks at making changes across the area and covers physical changes needed for safety as well as softer changes to improve ground level greening and welcoming environment for the large volumes of people in the area. It is a coordinated approach and failure to deliver all of the programme will create areas within the Cluster that do not meet the expectations of the local stakeholders and would jeopardise the success of encouraging a concentration of workers who stay longer in the City, supporting the Destination City aims.

There are a number of inter-connected projects within the programme, including the transformation of the main streets such as Leadenhall Street and Fenchurch Street where many of the new towers are situated. All of these projects have been assessed in terms of their outcomes and agreed as the highest priorities by the programme board.

City Cluster Programme: Summary of high priority projects (2024-2027) includes:

1. Leadenhall Street transformative change (high concentration of new developments, key east-west movement route)
2. Fenchurch Street pedestrian priority measures and enhancements (high concentration of new developments, proximity to transport hubs)
3. Bury Street, Mitre St and Creechurch Lane accessibility and public realm improvements (EC BID priority and local business community)
4. Healthy Streets Plan – southern area of City Cluster and Fenchurch area (essential to coordinate with EC BID proposals, wider City vehicular and servicing strategies, Climate resilience and mitigation measures).
5. Greening and climate resilience - Lloyds Avenue and area wide improvements (Ward Member priority and Climate Action Strategy delivery).
6. Lime Street - Fenchurch Street pedestrian crossing improvements at key walking and cycling route, and connectivity to Leadenhall Market.

The projects are currently at design development stage and subject to confirmation of the funding strategy. A phased approach is to be undertaken to deliver the schemes.

This programme has strong support from ward Members and local stakeholders including the ECBID who will be contributing £1M to the programme if this bid is successful. This contribution would be dependent on the successful application of funds in this bid and would be withdrawn if the bid is unsuccessful and projects are cancelled.

The EC BID have stated that they would support quick results and would like key projects to start on site in spring 2024. This is particularly applicable to Creechurch Lane area where there are temporary installations that need to be replaced by a permanent scheme. The construction of the transformational project at Leadenhall Street is also time critical as we have a restricted window in which to deliver this project in the most efficient and coordinated manner with the developments and their associated S278 highway works, in order to avoid disruption and limit costs. This means that works must start in summer 2024, and, in order to meet this deadline, funding must be confirmed by this autumn.

The developers who have contributed, have specifically requested CIL contributions are used for this purpose. There is a reputational risk from the development industry and political ramifications that if CIL contributions are not used within the area, the Corporation is prioritising the use of CIL to meet our corporate capital pressure and is not being used to deliver infrastructure necessary to support new development.

Officers have considered whether the programme would be eligible for OSPR funding. Officers are of the view that the use of CIL funding is more appropriate in this area due to the number of new development schemes that have generated the vast amount of CIL funding for the City. By contrast, the focus for OSPR is around supporting on-going maintenance budgets for front line services and those projects that are ineligible for CIL.

A bid for £5.9m is requested from CIL (including £0.4m risk provision) (Spend Profile; FY 24/25: Q1 £0.2m, Q2 £0.2m, Q3 £0.3m Q4 £0.3m, FY 25/26: Q1 0.5m, Q2 0.5m, Q3 0.8m, Q4 0.8m and FY 26/27: Q1 £0.8m, Q2,0.5m Q3 £0.5m, Q4 £0.5m).

The total project value would be £12.7m. The remaining £6.8m would be pooled from other funding sources including S278 and S106 funding, EC BID contribution and Climate Action Strategy (funding for Cool Streets and Greening Programme). Although the project spans multiple years, there is an expectation that projects are fully funded in order to progress, therefore the full amount is being requested now.

When reviewed alongside the CIL funding priorities, the project meets the criteria for Test 1 and Test 2, and is considered Essential to accommodate growth in visitors, City workers and events in support of the City Cluster Vision and Destination City programmes.

The delivery of the programme is structured around three work streams, and compliments the City Cluster Vision, Destination City and the London Transport Strategy. The workstreams include projects that will improve:

- 1) the function of the streets and walking environment,
- 2) greening and environmental resilience of the public realm, and
- 3) activation and engagement as part of the Destination City initiative.

These three workstreams have been progressed following engagement with stakeholders and are aligned with corporate priorities.

The projects that this bid would support, align with the City Cluster Vision which outlines a framework for the creation of a positive and welcoming street environment to support the City's Corporate Strategies. The programme will ensure the streets and spaces are attractive, safe, and inclusive. The ability to place the City Cluster as a destination beyond the working hours, welcoming visitors and workers alike remains a key aim of the programme.

Other Capital and SRP Bids

AB3 - Central Criminal Court Public Gallery Safety Improvements, £0.25m, Essential

Design is for a closed space using glass panels within the brass railings so that nothing could be dropped through or fall through all Court Room Public Galleries.

This will address fall risk and hazard for public and working at height compliance for staff. Current railings/balustrades do not meet minimum standard height requirements.

AB4 - Central Criminal Court Additional Fire Alarm Requirements, £0.7m, Essential

A fire_alarm replacement project was undertaken and completed to address the immediate concerns of a system that was no longer fit for purpose, this project was completed in June 2023, however as good as the system currently is, extensive additional works to provide a full Life Safety and Property Protection system throughout the building is still deemed a requirement.

To note, the agreement between COL & HMCTS includes a provision for joint funding (up to 95%) for improvements "to enhance the quality or extend the scope of an existing facility" whereby all other works are 'repairs' which fall to the COL to fund. "Repairs" include the "replacement of worn out and obsolete features by their modern equivalent".

The urgency of this replacement has been reinforced by the severity of concerns raised following visits by the London Fire Brigade in 2018. The alarm replacement project was completed this year to address the immediate concerns, however, there has always been an intention for a full Fire Strategy resulting in extensive additional works to provide a full Life Safety and Property Protection system.

AB5 – Fire Doors and Shutters - Central Criminal Court, £0.25m, Essential

The replacement of non-compliant fire doors and remediation work from last fire door survey 2018.

New fire safety regulations in 2022 specified that fire-resisting doors are one of the most important measures to safeguard the means of escape from fire. Fire risk assessment and surveys have identified whether the doors are adequate to resist the spread of fire and smoke. It has been found that the existing doors are inadequate they need to be replaced or other doors will need remediation to ensure they act accordingly in the event of a fire.

AB6 - Pipework - Central Criminal Court, £0.25m, Essential

This is the replacement of all identified corroded pipework between 50 and 116 years of age.

If the pipes burst, we could end up with no heating, cooling or service to a particular area affecting business continuity for the Courts.

AB7 - City Commons: Boundary livestock fencing replacement West Wickham & Coulsdon Commons (WW&CC) and Stoke Common, £0.092m, Essential

Livestock fencing is an essential safety feature that prevents livestock (sheep, cattle and goats) from getting onto the roads and impacting road use and adjacent properties.

The grazing is an obligation to meet the priority lowland heathland habitat management requirements under the site's statutory Site of Special Scientific Interest (SSSI) designation. Phased patch of the fences has been undertaken each year by site and the current request is for a significant 250m section of fence replacement which needs more substantial investment and contractor support. A further 400m section will need to be replaced within the next five years and they are currently exploring further external funding options to achieve this.

AB8 - City Commons: Entrance board replacement, £0.16m, Advisable

There were large distinctive bespoke black entrance boards installed thirty years ago across the COL Natural Environment Estate. There have been two incidents where signs have failed, given the large size we were fortunate property or people were not impacted. Annual condition monitoring has led to the removal of half of the signs for safety reasons with the remaining signs well beyond their design life.

The project seeks to replace 40 signs at Ashted Common and West Wickham and Coulsdon Commons. These will be based on off-the-shelf structures which provide a more financially sustainable option and the much smaller overall size will greatly reduce the safety concerns.

AB9 - Epping Forest Copped Hall Park Tudor Square Pond Sluice Gates, £0.47m, Advisable

Engineers have advised that repairs to sluice gates are required as they are in danger of collapse.

Tudor Square Pond is a medieval landscape feature and is rated as of high importance by Heritage England. The repair of the sluice gates will arrest the decline of the registered landscape

AB10 - Guildhall Complex Fire Alarm Replacement, £0.9m, Essential

Guildhall Complex requires repair and upgrade of the current fire systems. The works are proposed to take place in two Stages. Stage 1 will reflect the remedial works in order to bring the current system up to compliance and back to a fault free condition. Stage 2 will be for the upgrade of the obsolete fire alarm control panels site wide in addition to the full graphics systems.

This will address defects in our current Fire Alarm system and helps with our obligation to comply with the Fire Regulatory Fire Safety Order 2005.

AB11 - Corporate Device Stock Replacement, £0.69m Important

The procurement of new corporate devices to meet the demands of increasing staff numbers and replacement of end of life or faulty devices.

The COL device refresh programme was completed between 2020 – 22, however since that time overall staff numbers have increased by around 300 (12%) and replacement devices are required for those that are broken or faulty outside of their original warranty. This bid is intended to fund replacement devices up until the next widespread refresh which would be required in 2026.

AB12 - Network Contract – Support and Refresh, £4.25m, Important

This is needed to cover the retender and transition to the new network support contract prior to the end of the contract in January 2025. Funding will need to include the replacement of any Network equipment across COL and COLP prior to January 2025 and longer term, the refresh of the Network across existing COL and COLP buildings in line with the new Network strategy.

The Network Support contract ends in January 2025 and will become non compliant or cease. An unsupported or end of life network would place significant risk on the effective delivery of services with increased risk of network outages.

This bid is subject to further detail on the profiling and requested amount prior to full approval.

AB13 - Audio Visual Equipment, £0.14m, Advisable

The replacement of existing audio visual equipment across Committee Rooms and Corporate Meeting Room, originally installed in 2020, which is now end of life. There are in excess of 60 audio visual installations across Guildhall and other sites.

Failure to replace this equipment could mean that audio visual equipment becomes unstable or fails to function which will impact significantly upon Committee Meetings and hybrid officer meetings.

AB14 - Public Switched Telephone Network (PSTN) Replacement, £2.5m, Essential

This project is the identification, assessment and remediation of existing telephone lines before the services end in December 2025 including services such as social housing lifts, door entry systems, barrier access control, care lines, office building with lifts and Fire alarm systems.

Should these systems fail to be upgraded by the end of 2025, this could lead to essential services being inactive, without anyone being aware. Failure to complete this work on time will have significant reputational and financial impact, along with the potential to endanger life.

This bid is subject to further detail on the profiling and requested amount prior to full approval.

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