

FINANCE COMMITTEE

Tuesday, 20 February 2024

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 20 February 2024 at 12.45 pm

Present

Members:

Deputy Henry Colthurst (Chairman)	Deputy Paul Martinelli
Deputy Randall Anderson (Deputy Chairman)	Catherine McGuinness
Brendan Barns	Eamonn Mullally
Alderman Professor Emma Edhem	Hugh Selka
Steve Goodman OBE	Deputy Sir Michael Snyder
Deputy Madush Gupta	Luis Felipe Tilleria
Michael Hudson	Deputy James Thomson
Alderman Robert Hughes-Penney	Philip Woodhouse
Deputy Elizabeth King	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
Dionne Corradine	- Chief Strategy Officer
Paul Wilkinson	- City Surveyor
Phil Black	- Chamberlain's Department
Daria Faeti	- Chamberlain's Department
John James	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Hirdial Raj	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Genine Whitehorne	- Chamberlain's Department
Robert Murphy	- City Surveyor's Department
Ben Dunleavy	- Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Deputy Rehana Ameer, Shahnan Bakth, Deputy Nick Bensted-Smith, James St John Davis, Alderman Sir Peter Estlin, Deputy Madush Gupta, Benjamin Murphy, Aaron D'Souza, Paul Singh, James Tumbridge and Mark Wheatley.

Deputy Andrien Meyers and Paul Singh 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 23 January 2024 were approved as an accurate record.

4. ACTION TRACKER

Members received a report of the Town Clerk setting out outstanding actions from previous meetings.

The Chairman informed Members of several items which could be removed from the Action Tracker following their inclusion on the Forward Plan.

The Chairman asked officers to provide an update on the report on the use of consultants. In reply, officers said that a previous report had focused on changes to the policy of day-rate interim consultants, but would provide an update. The next piece of work would consider consultancy spend, initially to be considered by the Efficiency and Performance Working Group. A Member requested that any future report take into consideration the output from February's informal Court meeting.

The Chamberlain suggested that the Committee should receive the Efficiency and Performance Working Group's Forward Plan as a standing agenda item.

RESOLVED – That the Committee notes the report.

5. FINANCE COMMITTEE'S FORWARD PLAN

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

RESOLVED – That the Committee notes the report.

6. DRAFT MINUTES FROM THE PROJECTS AND PROCUREMENT SUB-COMMITTEE

The draft public minutes and non-public summary of the Projects and Procurement Sub-Committee held on 12 January 2024 were noted.

7. CITY FUND 2024/25 BUDGET & MEDIUM-TERM FINANCIAL PLAN

Members received a report of the Chamberlain concerning the City Fund 2024/25 Budget and the Medium-Term Financial Plan.

The Chairman and the Chamberlain introduced the report, and the Committee proceeded to consider each section of the recommendations in turn. A Member asked if the issuing of service charge bills could be expedited to allow for certainty on the amount that social tenants would be required to pay. Officers replied that additional resource in the Financial Services team would allow for service charges to be issued on a quarterly basis, in order to provide better notice to residents. The Member also asked officers to consider how to advertise the support available to residents.

RESOLVED, that - the Committee endorses the report and the below recommendations for onward approval by the Court of Common Council:

1.0 To note and approve the overall budget envelopes for City Fund.

- 1.1 Additional funding is required to be approved for new on-going cost pressures and have been included as budget uplifts:
 - 1.1.1 Agreed pay award from 1st July 2023.
 - 1.1.2 Net 3% inflation uplift to local risk budgets.
 - 1.1.3 £470k for City Fund Adult Social Care and Children Services.
 - 1.1.4 £2m central provision to cover assumptions for Ambition 25 (Reward Refresh) – subject to recommendations of the Corporate Services Committee.
 - 1.1.5 £210k increase in legal costs to support specialist advice.
 - 1.1.6 £330k on-going City Fund support to Electoral Services.
 - 1.1.7 £400k provision for possible increases to members allowance – subject to recommendations of the Civic Affairs committee.
 - 1.1.8 £56k shortfall (split across City Fund and City's Estate) to Occupational Health Physician Services.
 - 1.1.9 £59k (3%) uplift to the London Symphony Orchestra grant.
 - 1.1.10 £189k (3.47%) increase to the Museum of London grant.
- 1.2 For Cyclical Works Programme (CWP):
 - 1.2.1 Additional funding totalling £62.7m to address the backlog of works £27.1m, forward plan £34.0m, plus £1.6m towards delivery of the programme across the next 5 years from 2024/25 (Appendix A, paragraphs 22 to 28).
 - 1.2.2 Funding identified from reserves in City Fund, endorsed by Finance Committee in December, to be ringfenced to the programme (paragraph 50). Delivery will need to be managed robustly to avoid cost creep.
 - 1.2.3 £25m was allocated to the Barbican Centre, approved by Court of Common Council 9 March 2023 to address critical health and safety needs and to fund the development of a business case to consider replacement of more fundamental infrastructure than is covered in a cyclical works programme.
 - 1.2.4 Any further funding for the Barbican Centre to be considered separately and as part of its own strategic business plan (paragraph 29).
- 1.3 To address inflationary pressures going forward assumptions include 2% uplift from 2025/26 onwards.
- 1.4 Savings still to be achieved from Development of City commercial income streams through Barbican Management, Commercial - procurement, and from implementation of the Enterprise Resource Planning system have been reprofiled to (£3.3m) 2025/26 and (£0.6m) in 2026/27 respectively. Permanent savings from previous savings programmes are expected to crystallise by 2024/25 see paragraphs 63 and 64.
- 1.5 Other one-off pressures and opportunities for transformation in 2024/25 outlined in paragraph 27 to be funded from forecast carry forward underspends from 2023/24.

- 1.6 Unfunded additional revenue bids (paragraph 26) to be avoided during 2024/25, unless these can be prioritised from savings or income generated from the Corporation's Resource Prioritisation Refresh Programme (RPR).
- 1.7 Increase the rents for social tenants within the Housing Revenue Account by 7.7% for 2024/25, as supported by Childrens & Community Services Committee on 25 January in order to balance the HRA across the MTFP.
- 1.8 As in previous years, it is recommended the earmarked security reserve retains £1m as a minimum and is reviewed regularly.
- 1.9 Approve the overall financial framework and the revised Medium-Term Financial Strategy (paragraphs 17 to 73).
- 1.10 Approve the City Fund Net Budget Requirement of £201.8m (Appendix A, paragraph 7)

Key decisions:

The key decisions are in setting the levels of Council Tax and National Non-Domestic rates:

- 2.0 **Council Tax** – paragraphs 54 to 57
 - 2.1 To approve an increase of 2% social care precept, raising c£165k p.a. in response to the ongoing pressures in homelessness and adult social care. This is recommended given the pressures within adult social care totalling £310k p.a.
 - 2.2 To approve an increase of 2.99% on core Council Tax raising c£247k p.a. This is recommended to address £160k pressure on children social care and bridge the gap on adult social care as above.
 - 2.3 To note if both increases are approved, the 4.99% increase will increase income by £412k and raise Band D rate by c£48.00 to £1,051.62 (before GLA precept). This increase is not excessive and is below the threshold to require a referendum and much needed for continued support to vulnerable members of society.
 - 2.4 To determine that a fully funded means tested council tax reduction scheme will continue in place for those on low incomes and least able to pay more. This means that those that are least able to afford it will continue to receive 100% support with their council tax bills.
 - 2.5 To determine the Local Discretionary discount for Care Leavers between the ages of 18 to 25 is continued for 2024/25.
 - 2.6 Determine the amounts of Council Tax for the three areas of the City (the City, the Middle Temple and the Inner Temple to which are added the precept of the Greater London Authority (GLA) - Appendix B.
 - 2.7 Determine, that as in previous years no discount (0%) is awarded to unoccupied and unfurnished and uninhabitable dwellings for 2024/25.
 - 2.8 Determine that a premium is levied on long-term empty property for 2024/25 of 100%, 200% and 300% on properties that have been empty for 2, 5 and 10 years respectively. This is a continuation of the Premiums charged in 2023/24.
 - 2.9 Introduce a new long-term empty property premium of 100% for properties that have been empty for longer than 12 months in 2024/25.

- 2.10 Determine that a Second Home Premium is introduced in 2025/26. 12 months' notice is required to introduce this additional charge.
 - 2.11 It is recommended that, having regard to the government guidance issued, the Chamberlain be given the discretion, delegated to the Assistant Director, Financial Shared Services, to reduce or waive the long-term empty premium charge in exceptional circumstances.
 - 2.12 Approve that the cost of highways, street cleansing, waste collection and disposal, drains and sewers, and road safety functions for 2024/25 be treated as special expenses to be borne by the City's residents outside the Temples (Appendix B).
- 3.0 **Business Rates** – paragraphs 58 to 61
- 3.1 To approve an increase of up to £0.04p in the £ in Business Rate Premium raising up to c£8.1m p.a. to support the ongoing pressures on the Police and security costs (paragraphs 40 to 43, 52).
 - 3.2 Award a Discretionary Discount under S47 Local Government Finance Act for qualifying Nursery Schools of up to 100%.
 - 3.3 Note that the Non-Domestic Rate multiplier of 54.6p and a Small Business Non-Domestic Rate Multiplier Rate of 49.9p have been set by Central Government for 2024/25 (Appendix A, paragraph 9). Note that, in addition, the GLA is levying a Business Rate Supplement in 2024/25 of 2.0p in the £ on properties with a rateable value of £75,000 and above (Appendix A, paragraph 12).
 - 3.4 Delegate to the Chamberlain the award of discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988 (Appendix A, paragraph 11).
- 4.0 **Capital Expenditure**
- 4.1 Approve the Capital Strategy (Appendix F).
 - 4.2 Approve the Capital budgets for City Fund and the allocation of central funding from the appropriate reserves to meet the cost of the 2024/25 bids – release of funding being subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub Committee at gateway 4(a) (paragraphs 70 to 73)
 - 4.3 Approve the continuation of the allocation of central funding in 2024/25 to provide internal loan facilities for the HRA, currently estimated at £14.6m respectively.
 - 4.4 Approve the Prudential Code indicators (Appendix D).
 - 4.5 Delegate authority to the Chamberlain to determine the final financing of capital and supplementary revenue project expenditure.
- 5.0 **Treasury Management Strategy Statement and Annual Investment Strategy 2024/25 (Appendix E)**
- 5.1 Approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25, including the treasury indicators – Appendix E.
 - 5.2 Approve the authorised limit for external debt (which is the maximum the City Fund may have outstanding by way of external borrowing) at £432.8m for 2024/25; and the Minimum Revenue Provision (MRP) for 2024/25 at £1.4m (MRP policy is included within Appendix E – Treasury

Management Strategy Statement and Annual Investment Strategy Statement 2024/25 - Appendix 2).

6.0 Chamberlain's Assessment

6.1 Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves and contingencies (paragraphs 76-80 and Appendices A, C and H respectively).

8. 2024/25 CITY'S ESTATE BUDGETS AND MEDIUM-TERM FINANCIAL PLAN

Members received a report of the Chamberlain concerning the City's Estate 2024/25 Budget and the Medium-Term Financial Plan.

A Member, also the Chairman of the Capital Buildings Board, raised a query concerning the budget for the Smithfield Annexe Buildings. The Chamberlain clarified the position and undertook to ensure that the final report reflected the correct position when submitted to the Court of Common Council.

RESOLVED, that – the Committee endorses the below recommendations for onward approval by the Court of Common Council:

1.0 To note and approve the overall budget envelope for City's Estate 2024/25 revenue budgets.

1.1 Additional funding is required for new on-going cost pressures and have been included as budget uplifts:

1.1.1 Agreed pay award from 1st July 2023.

1.1.2 Net 3% inflation uplift to local risk budgets.

1.1.3 £2m central provision to cover assumptions for Ambition 25 (Reward Refresh) – subject to recommendations of the Corporate Services Committee.

1.1.4 £100k increase in legal costs to support specialist advice.

1.1.5 £540k contingency held centrally to support the increase in State Visits.

1.1.6 £20k funding to support RASC away day.

1.1.7 £113k provision set to support volunteering.

1.1.8 £148k recognition of staff contribution through staff summer events and annual lunch.

1.1.9 £380k funding for Corporate Graduate Scheme, increasing to £710k from 2025/26.

1.1.10 £10k support for on-going Benefits-in-Kind review and annual reporting.

1.1.11 Shortfall on Occupational Health Physician services (£56k split between funds).

1.1.12 £85k increase for Mayoralty and Shrievalty allowances as agreed at the Joint Deputation meeting on 20 March 2023.

For 2024/25 an increase of £62k is being proposed – subject to Joint Deputation meeting on 28 March 2024.

1.1.13 £400k provision for possible increases to Members allowance.

1.2 For Cyclical Works Programme (CWP):

1.2.1 Funding of £71m has been allocated within City's Estate to address £28m backlog of works and £43m forward plan, towards delivery of programme across the next 5 years from 2024/25.

1.2.2 Following meeting with the Joint Resource Allocation Sub Committee and Service Committee Chairmen, additional headroom has been created to address urgent health and safety issues at the Guildhall School of Music and Drama over the 5-year forward plan totalling £12.5m (£8m to 2027/28).

1.2.3 Funding identified from reserves in City's Estate resulting in an additional draw on assets endorsed by Finance Committee in December, to be ringfenced to the programme. Delivery will need to be managed robustly to avoid cost creep.

1.3 To address inflationary pressures going forward assumptions include 2% uplift from 2025/26 onwards.

1.4 Savings still to be achieved from Commercial - procurement and implementation of the Enterprise Resource Planning system have been profiled (£0.3m) to 2025/26 and (£0.6m) in 2026/27 respectively. Permanent savings from previous savings programme are expected to crystallise by 2024/25.

1.5 Other one-off pressures and opportunities for transformation in 2024/25 outlined in paragraph 11 to be funded from forecast carry forward underspends from 2023/24.

1.6 Unfunded additional revenue bids (paragraph 10) to be avoided during 2024/25, unless these can be prioritised from savings or income generated from the Corporation's Transformation Programme.

2.0 Approve the overall financial framework and the revised 5-year Financial Strategy (paragraphs 4-30).

3.0 Approve the 2024/25 Capital and Supplementary Revenue Project Budgets for City's Estate amounting to £218.3m (paragraph 27).

4.0 Approve the allocation of central funding of up to £218.3m for City's Estate to meet the cost of 2024/25 approved capital schemes. Release of such funding being subject to approval at the relevant gateway and specific agreement of the Resource Allocation Sub-Committee at Gateway 4(a). Note the agreed capital envelope for new bids of £5m in 2024/25 (paragraph 27-30).

5.0 Delegate authority to the Chamberlain to determine the final financing of capital and supplementary revenue project expenditure.

9. **PROPOSED APPROACH TO THE REVIEW OF PROCUREMENT AND CONTRACT MANAGEMENT**

Members received a report of the Chamberlain concerning procurement and contract management,

RESOLVED, that – Members:

- a) Approve the proposed scope of the procurement and contract management review.
- b) Note the proposed reporting arrangements.

10. **ANNUAL ON-STREET PARKING ACCOUNTS 2022/23 AND RELATED FUNDING OF HIGHWAY IMPROVEMENTS AND SCHEMES**

Members received a report of the Chamberlain concerning the Annual On-Street Parking Accounts 2022/23.

RESOLVED, that – the report be received and its contents noted before submission to the Mayor of London.

11. **ENTERPRISE RESOURCE PLANNING (ERP) PROGRAMME UPDATE REPORT**

Members received a report of the Chamberlain concerning the Annual On-Street Parking Accounts 2022/23.

RESOLVED, that – the report be received and its contents noted before submission to the Mayor of London.

12. **BUDGET MONITORING QUARTER 3 2023/24 UPDATE**

Members received a report of the Chamberlain concerning budget monitoring.

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

13. **CHAMBERLAIN'S BUSINESS PLAN QUARTER 3 2023/24 UPDATE**

Members received a report of the Chamberlain concerning the departmental business plan.

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

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

Members received a report of the Chamberlain concerning the management of departmental risks.

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

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

There were no questions.

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

There was no other business.

17. **EXCLUSION OF THE PUBLIC**

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

Item No.

Paragraphs in Schedule 12A

16-24, 26, 27

3

25

1 and 3

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

The non-public minutes of the meeting held on 23 January 2024 were approved as an accurate record.

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

The draft non-public minutes of the Projects and Procurement Sub-Committee held on 12 January 2024 were noted.

20. **IRRECOVERABLE NON-DOMESTIC RATES AND COUNCIL TAX**

Members received a report of the Chamberlain concerning non-domestic rates and council tax.

21. **PROCUREMENT STAGE 2 AWARD REPORT - DITS CORPORATE LICENCE & CLOUD SERVICES PROVIDER**

Members received a report of the Chamberlain concerning cloud services provision.

22. **INTERIOR ARCHITECTURAL SERVICES FRAMEWORK – CONTRACT AWARD**

Members received a report of the Chamberlain concerning architectural services.

23. **BARBICAN CENTRE PUBLIC CATERING SERVICES - PROCUREMENT STAGE 1 STRATEGY REPORT AND EXTENSION OF CURRENT CONTRACTS**

Members received a report of the Chamberlain concerning catering services at the Barbican Centre.

24. **SUBJECT: ALL ESTATES – REVIEW OF METRICS USED IN MAKING MAJOR PROPERTY DECISIONS – 2ND TRIENNIAL REVIEW**

Members received a report of the City Surveyor concerning property metrics.

25. **CITY FUND: 2024 INVESTMENT PROPERTY STRATEGY**

Members received a report of the City Surveyor concerning the City Fund investment property strategy.

26. **CITY'S ESTATE: 2024 INVESTMENT PROPERTY STRATEGY**
Members received a report of the City Surveyor concerning the Investment Property Strategy for City's Estate.
27. **DELEGATION REQUESTS**
Members received a report of the City Surveyor concerning requests for delegated authority.
28. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
The Committee noted a report of the Town Clerk detailing a non-public decision(s) taken under delegated authority since the last meeting.
29. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
Members considered several non-public question(s) relating to the work of the Committee.
30. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
The Committee considered an item of urgent business relating to the Museum of London.
- a) **Museum of London Relocation Programme: Phase 2**
Members received a report of the City Surveyor.

The meeting ended at 2.45 pm

Chairman

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