



## Finance Committee – Main Agenda

**Date:** TUESDAY, 1 JULY 2025  
**Time:** 12.45 pm  
**Venue:** COMMITTEE ROOMS - 2ND FLOOR WEST WING, GUILDHALL

**Members:**

Deputy Henry Colthurst (Chairman)	Stephen Hodgson
Deputy Andrien Meyers (Deputy Chair)	Adam Hogg
Shahnan Bakth	Sandra Jenner
Brendan Barns	Deputy Paul Martinelli
Alderman Alexander Barr	Alderman Bronek Masojada
Deputy Emily Benn	Deputy Benjamin Murphy
Nicholas Bensted-Smith	Alderwoman Jennette Newman
Deputy Timothy Butcher	Fraser Peck
Deputy Bethany Coombs	Hugh Selka
Deputy Anne Corbett	Deputy Oliver Sells KC
Elizabeth Corrin	Deputy Sir Michael Snyder
Simon Duckworth OBE DL	James St John Davis
Susan Farrington	Deputy James Thomson CBE
Steve Goodman OBE	James Tumbridge
Alderman Prem Goyal CBE	Mark Wheatley
Alderwoman Martha Grekos	Deputy Christopher Hayward, Policy and Resources Committee (Ex-Officio Member)
Deputy Madush Gupta	

**Enquiries:** John Cater  
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<https://www.youtube.com/@CityofLondonCorporation/streams>

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**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 4<sup>th</sup> June 2025.  
  
**For Decision**  
(Pages 7 - 14)
4. **FINANCE COMMITTEE'S FORWARD PLAN**  
Report of the Chamberlain.  
  
**For Information**  
(Pages 15 - 16)
5. **PUBLIC UPDATE OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING 16 JUNE 2025**  
The Chairman of the Projects and Procurement Sub-Committee to be heard.  
  
**For Information**
6. **NEW PROJECT PROCEDURE / P3 FRAMEWORK**  
Report of the Chamberlain.  
  
**For Decision**  
(Pages 17 - 44)
7. **RESOLUTION FROM THE COMMUNITY AND CHILDREN'S SERVICES COMMITTEE TO THE FINANCE COMMITTEE**  
To receive a resolution from the Community and Children's Services Committee.  
  
**For Decision**  
(Pages 45 - 46)

8. **2024/25 OUTTURN REPORT FOR CITY FUND AND CITY'S ESTATE**  
Report of the Chamberlain.
- For Information**  
(Pages 47 - 60)
9. **REVENUE OUTTURN 2024/25 – FINANCE COMMITTEE OPERATIONAL SERVICES**  
Joint Report of the Chamberlain, the Town Clerk, the City Surveyor, the Remembrancer, and Director of Community and Children's Services.
- For Information**  
(Pages 61 - 70)
10. **UPDATE ON BUDGET SETTING 2026-27**  
*To follow.*
- For Information**
11. **UPDATE FROM INTERNAL AUDIT - ASSURANCE FINANCIAL CONTROL**  
Report of the Chamberlain.
- For Information**  
(Pages 71 - 74)
12. **ERP PROGRAMME UPDATE (QUARTERLY)**  
Report of the Chamberlain.
- For Information**  
(Pages 75 - 82)
13. **RISK MANAGEMENT UPDATE REPORT**  
Report of the Chamberlain.
- For Information**  
(Pages 83 - 84)
14. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**  
Report of the Town Clerk.
- For Information**  
(Pages 85 - 92)
15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

17. **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**

18. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
To agree the non-public minutes of the meeting held on 4<sup>th</sup> June 2025.

**For Decision**  
(Pages 93 - 96)

19. **NON-PUBLIC UPDATE OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING 16 JUNE 2025**  
The Chairman of the Projects and Procurement Sub-Committee to be heard.

20. **ART TRANSPORT FRAMEWORK - PROCUREMENT STAGE 2 AWARD REPORT**  
Joint Report of the Chamberlain and the Interim CEO, Barbican Centre.

**For Decision**  
(Pages 97 - 104)

21. **CLSG FUNDING REVIEW**  
Report of the Chamberlain.

**For Decision**  
(Pages 105 - 110)

22. **WRITE OFF REPORT - BUSINESS RATES AND COUNCIL TAX**  
Report of the Chamberlain.

**For Decision**  
(Pages 111 - 118)

23. **ERP UPDATE (NON-PUBLIC)**  
Report of the Chamberlain.

**For Information**  
(Pages 119 - 122)

24. **EFFICIENCY AND PERFORMANCE WORKING PARTY'S FORWARD PLAN**  
Report of the Chamberlain.

**For Information**  
(Pages 123 - 124)

25. **MPO DASHBOARD**  
Report of the Chamberlain.

**For Information**  
(Pages 125 - 138)

26. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND  
URGENCY PROCEDURES**  
Report of the Town Clerk.

**For Information**  
(Pages 139 - 146)

27. **NON-PUBLIC QUESTIONS ON MATTERS 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**

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## FINANCE COMMITTEE

**Wednesday, 4 June 2025**

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Wednesday, 4 June 2025 at 12.45 pm

### **Present**

#### **Members:**

Deputy Henry Colthurst (Chairman)	Alderwoman Martha Grekos
Shahnan Bakth	Deputy Madush Gupta
Brendan Barns	Stephen Hodgson
Deputy Timothy Butcher	Adam Hogg
Deputy Bethany Coombs	Sandra Jenner
Deputy Anne Corbett	Deputy Benjamin Murphy
Elizabeth Corrin	Hugh Selka
Simon Duckworth OBE DL	Deputy James Thomson CBE
Susan Farrington	James Tumbridge
Steve Goodman OBE	

#### **Observer:**

Deputy Andrien Meyers

#### **Officers:**

Ian Tomas CBE	- Town Clerk & Chief Executive
Greg Moore	- Deputy Town Clerk
Caroline Al-Beyerty	- The Chamberlain
Michael Cogher	- The Comptroller & City Solicitor
Paul Wilkinson	- The City Surveyor
Dionne Corradine	- The Chief Strategy Officer
Kate Limna	- Corporate Treasurer
Sonia Virdee	- Financial Services Director
Genine Whitehorne	- Commercial Director
Robert Murphy	- Investment Property Director
Kate Neale	- Climate Action Programme Director
Nish Dubey	- Deputy Director Commercial Strategy and Partnerships
Daniel Peattie	- Assistant Director (Strategic Finance)
John Hall	- City of London Schools
Theresa Grant	- City Surveyor's Department
Phil Black	- Chamberlain's Department
Oliquir Chowdhury	- Chamberlain's Department
Mark Jarvis	- Chamberlain's Department
Monica Patel	- Chamberlain's Department
Tracey Plumb	- Chamberlain's Department

Stuart McGregor  
John Cater

- Environment Department  
- Committee Clerk

1. **APOLOGIES**

Apologies for absence were received from Alderman Alexander Barr, Nicholas Bensted-Smith, Deputy Christopher Hayward, Deputy Paul Martinelli, Alderman Bronek Masojada, Deputy Andrien Meyers, Fraser Peck, Deputy Nighat Qureishi, Deputy Sir Michael Snyder, and James St John Davis.

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

Steve Goodman, Stephen Hodgson, Adam Hogg, and Sandra Jenner declared pecuniary interests in respect of item 7 due to being residential leaseholders in the Barbican Estate.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED**, that – the public minutes and non-public summary of the meeting held on Tuesday, 29<sup>th</sup> April 2025 be approved as an accurate record, subject to the inclusion of Shahnan Bakth and James Tumbridge as attendees at the meeting.

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

**RESOLVED**, that - the Committee's Forward Work Plan was noted.

5. **PUBLIC SUMMARY OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING - 19 MAY 2025**

**RESOLVED**, that - the public summary of the Projects and Procurement Sub-Committee meeting held on 19<sup>th</sup> May 2025 be noted.

6. **PAN-LONDON SEXUAL HEALTH ESERVICE (SHL.UK)**

The Committee considered a joint Report of the Director of Community & Children's Services and the Chamberlain concerning the procurement of the replacement Pan-London Sexual Health E-Services contract.

A Member highlighted that the wording in the recommendation section of the Report could have been made more clear as to what exactly Members were being asked to approve.

In response to a query concerning costs, officers clarified that the City was acting as an intermediary since all costs pertaining to the SHL.UK are met by the other Local Authorities as part of the Inter-Authority Agreement (IAA).

**RESOLVED**, that - the Committee approved the following:

That, subject to recommendation from the Projects and Procurement Sub-Committee due to consider this Report on 16<sup>th</sup> June, delegated authority be granted to the Town Clerk, in consultation with the Chairman and the Deputy Chair of the Finance Committee, to endorse the proposed procurement Option 1, namely, to run a "Competitive Process"



under the Health Care Services Provider Selection Regime, to the Court of Common Council for the replacement Pan-London Sexual Health E-services contract, due to commence on 15 August 2026.

7. **REVIEW OF RECHARGES - BARBICAN LEASEHOLDER SERVICE CHARGES**

The Committee received a joint Report of the Chamberlain and the Executive Director of Community and Children's Services concerning the recharges applied to the Barbican leaseholder service charge.

In response to a query, officers confirmed that there would be several redactions in the full Report to be submitted to the Service Charge Working Party for their meeting on 6<sup>th</sup> June, in order to ensure that named individuals and their posts were not identifiable. The Chair of the Barbican Residential Committee asked that the Report was also shared with her.

A Member asked that the Finance Committee be notified in due course that the Service Charge Working Party was content with the fairness of the allocation formula.

**RESOLVED**, that – the Committee noted the Report.

8. **CLIMATE ACTION STRATEGY (CAS) FINANCE UPDATE TO END OF YEAR 4 (2024/2025)**

The Committee received a Report of the Executive Director of Innovation & Growth concerning the Climate Action Strategy.

In response to a query concerning the pace of spend, officers highlighted the recent expansion in the capacity of the team; the projected spend was more heavily weighted towards the second half of the CAS as the team increased its impact. The Chairman asked that an update Report be provided to the Committee on a six-monthly basis outlining actual and projected spend, the positive impacts of CAS on areas such as housing, and an updated timeline for the Strategy as a whole.

Officers stressed that the CAS team was working in coordination with other officers across the Corporation, including the housing team, to ensure that works were being coordinated and maximised in the most efficient manner.

Officers confirmed that the £32m saving quoted in the Report represented actual cost avoidance of energy costs over 2020-2024 owing to CAS related changes.

Acknowledging that the City Corporation had allocated £12.5m for works to the Investment Property Portfolio, which had resulted in tenants saving £15.7m in energy costs, officers stressed that this was a simple zero sum result; if the City had not upgraded the properties then it would be unable to let these properties to tenants wishing to meet their own CAS type objectives. There would be reduced voids and capital value uplift across the Investment assets due to this investment.

In response to a query, officers emphasised that they were continually working on ways to engage residents and businesses with clearer, accessible information and would examine ways in which the dashboard could be presented in a more simplified manner.

**RESOLVED**, - that the Committee noted the Report.

9. **CENTRAL CONTINGENCIES**

The Committee considered 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 Committee supported the Chairman's proposal that a portion of the £923,000 detailed in the Report should not be carried forward automatically with an alternative plan instead considered as part of the broader carry-forward proposals.

**RESOLVED**, that – the Committee:

- Delegated Authority to the Chairman and Deputy Chair, in consultation with the Chamberlain, to consider an appropriate carry forward figure falling below £923,000.
- Supported the proposal that during the carry forward process consideration is given to top up the project reserve contingency to ensure adequate funding is available in future years.
- Delegated Authority to the Town Clerk, in consultation with the Chairman and Deputy Chair, to consider approving a future bid to the Finance Committee's Contingency Fund to support a version upgrade to the MRI Horizon system (the City Corporation's property management software) in the region of £250k which is required due to Microsoft server moving out of support in 2026.

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

The Committee received a Report of the Chamberlain concerning the risks faced by the Chamberlain's Department.

In response to a query, the Chamberlain emphasised that the Report concerned Departmental Risks as well as broader Corporate wide risks owned by the Chamberlain's department. The Chairman proposed that, given the recent discussion concerning the City's risk framework at the last meeting of the Court of Common Council, the Audit and Risk Management Committee should lead on embedding this framework departmentally, as the current risk register for the Chamberlain's Department did not reflect all of the organisation's risk taxonomy. The Chamberlain referred to the current work of the Chief Officer Risk Management Group in applying the Risk appetite framework to Corporate Risks

The Chairman also questioned, given the pressures both areas were still facing, whether risk ratings for both the City Fund and HRA should be increased.

In response to a query concerning CHB 005 (Resistance to Transformation and Change (Change Fatigue)), the Chamberlain emphasised that risk of fatigue was clear as the Department was leading on Transformation across the organisation. Whilst mitigations, as outlined on page 74 of the agenda (the appendix), were being put in place, the Chamberlain's senior team would also be looking at change engagement, with this being a lever that the Department have not yet pulled to its greatest degree.

**RESOLVED**, that - the Committee noted the Report.

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

A question was raised as follows -

*What estimate has been made of the costs of changing ward noticeboards to replace terms like "common councilmen" with "common councillors" and from which budget will these costs be met?*

The Comptroller & City Solicitor responded that funding for changes to Ward noticeboards comes out of the budget for Electoral Services; the team were about to go out to seek quotes for the various amendment to the Boards, the total cost estimate, in line with previous changes, was circa £44,000. It was stressed that this sum would cover all accumulated revisions to the Boards which it made sense to complete in one go.

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

There was one item of urgent public business.

**RESOLVED**, that – the Committee endorsed the appointment of James Tumbridge as a Finance Committee representative on the Fraud and Cyber Crime Reporting and Analysis Service Procurement Committee for 2025/26.

13. **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.

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

**RESOLVED**, - that the non-public minutes of the meeting held on 29<sup>th</sup> April 2025 were approved as an accurate record.

15. **NON-PUBLIC SUMMARY OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING - 19 MAY 2025**

**RESOLVED**, that - the non-public summary of the Projects and Procurement Sub-Committee meeting held on 19<sup>th</sup> May 2025 be noted.

16. **EFFICIENCY AND PERFORMANCE WORKING PARTY'S FORWARD PLAN RESOLVED**, that – the Efficiency and Performance Working Party Forward Plan was noted.
17. **DELEGATION REQUEST**  
The Committee considered a Report of the City Surveyor concerning a request for approval under Delegated Authority procedures in relation to an investment property.
18. **INTEREST RATES FOR LOAN FACILITIES**  
The Committee considered a Report of the Chamberlain concerning the interest rate for loan facilities to the institutional departments and third-party bodies within the City of London Corporation 'family'.
19. **ENFORCEMENT AGENTS FOR REVENUES AND PARKING - STAGE 1 STRATEGY**  
The Committee considered a Report of the Chamberlain concerning the recommended procurement strategy and evaluation criteria to be used in the selection of the preferred suppliers for the proposed Enforcement Agents contracts for the City of London Corporation Revenues Team and Parking Ticket Office Team.
20. **CITY SCHOOLS CATERING - STAGE 2 AWARD**  
The Committee considered a joint Report of the Headmaster, City of London School, and the Headmistress, City of London School for Girls concerning the award for the City Schools' catering contract.
21. **UPDATE ON PROCUREMENT TRANSFORMATION**  
The Committee received a Report of the Chamberlain concerning procurement and contract management functions at the City Corporation.
22. **BARBICAN RENEWAL SIX-MONTH UPDATE (BARBICAN CENTRE)**  
The Committee received an oral update from the Interim CEO, Barbican Centre concerning the Barbican Centre Renewal Programme.
23. **MPO DASHBOARD REPORTING**  
The Committee received a Report of the Chamberlain providing an overview of the Major Capital Projects for City Fund and City's Estate.
24. **CENTRAL CONTINGENCIES APPENDICES**  
The Committee received the appendices to Item 9 (Central Contingencies)
25. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**  
Members considered one non-public question relating to the work of the Committee.

26. **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.

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

**RESOLVED**, - that the confidential minutes of the meeting held on 29<sup>th</sup> April 2025 were approved as an accurate record.

28. **MARKET SITES REGENERATION PROGRAMME FURTHER INFORMATION**

The Committee received a Report of the City Surveyor concerning the Market Sites Regeneration Programme.

**The meeting ended at 2.20 pm**

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Chairman

**Contact Officer: John Cater**

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FINANCE COMMITTEE – WORK PROGRAMME 2024-25

	April - 25	June -25	July-25	Sept -25	Nov-25	Dec-25
Budget Setting Process & Medium-Term Financial Planning			Update on Budget setting 26/27			
Effective Financial Management Arrangements for The City Corporation	MPO Dashboard Reporting (CHB)  Update of Finance Regulations - deep dive  Efficiency and Performance forward plan	MPO Dashboard Reporting (CHB)  Efficiency and Performance forward plan  Review of Recharges - Barbican leaseholder service charges  Interest Rates for Loan Facilities  Strategic Procurement Review update	MPO Dashboard Reporting (CHB)  Revenue Outturn report 24/25  Provisional Outturn report 24/25  Efficiency and Performance forward plan  Project Procedure / P3 framework  Update from Internal Audit – Assurance Financial Control  Write off report or Business Rates and Council tax	MPO Dashboard Reporting (CHB)  Budget Monitoring Q1  Provision for Bad and Doubtful Debts  City Re update  Efficiency and Performance forward plan  Private Placement Loan – Green Financing  Updated Procurement Code  Central London Forward – contract growth for Ingeus (Liz Millington / Monica Patel)	MPO Dashboard Reporting (CHB)  Budget monitoring Q2  Capital Projects – Forecasting  Review of Financial controls	MPO Dashboard Reporting (CHB)  Efficiency and Performance forward plan
Financial Statements				City Fund and Pension Fund statement of accounts	City's cash financial statements  City's Cash trust funds and sundry trust funds annual reports and financial statements	
Finance Committee as a Service Committee	Risk Management Update Report  Chamberlains Business Plan End of Year update  ERP Programme Update (Quarterly)	Risk Management Update Report  Central Contingencies (Quarterly report)	Risk Management Update Report  ERP Programme Update (Quarterly)	Risk Management Update Report  Central Contingencies (quarterly report)  ERP Programme Update (Quarterly)  Chamberlain's Business plan Q1 report	Risk Management Update Report  Chamberlain's Business plan Q2 report	Risk Management Update Report
Other Departments reports	Appointments (Town Clerks)	Barbican Renewal six-month update (Barbican Centre)	CLSG Funding  Art Transport Framework	Annual Terms of Reference Review (Town Clerks)		

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## City of London Corporation Committee Report

<b>Committee(s):</b> Projects and Procurement sub-Committee – For decision City Bridge Foundation Board – For decision Finance Committee – For decision Policy and Resources Committee – For information Court of Common Council – For decision	<b>Dated:</b> 16 <sup>th</sup> June 2025 1 <sup>st</sup> July 2025 1 <sup>st</sup> July 2025 3 <sup>rd</sup> July 2025 24 <sup>th</sup> July 2025
<b>Subject:</b>  <b>New Project Procedure / P3 Framework</b>	<b>Public report:</b>  For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• Delivers Corporate Plan 2024-29 outcomes</li> <li>• Provides business enabling functions</li> </ul>	Providing excellent services
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> Caroline Al-Beyerty, Chamberlain and Chief Financial Officer	For approval
<b>Report author:</b> Genine Whitehorne Director, Commercial, Change and Portfolio Delivery	

### Summary

This paper proposes a new framework for the City of London Corporation, developed to address long-standing issues in the governance and delivery of projects and programmes. The changes respond to Lord Lisvane's governance review and subsequent assessments by external consultants, which found inconsistent practices, slow decision-making, and insufficient visibility for Members.

To more accurately reflect the direction of travel for the City Corporation and the changes that are required, it is proposed to rename the project procedure to the Project, Programme, Portfolio (P3) Framework. The revised P3 Framework proposes a simplified, proportionate governance model that is aligned with a project's scale,

complexity, and strategic importance. All project types—including capital, transformation, and innovation— will be brought under a single framework. A new tiering system will focus Member scrutiny on higher-value and higher-risk projects, engaging Members at strategic points of decision-making. Lower value projects and programmes will benefit from streamlined governance. These proposals will streamline the gateway process into five strategic stages, with a greater emphasis on early alignment with Corporate Plan outcomes, climate action, social value, and return on investment.

Development of the new framework has been shaped through extensive consultation. Project managers, directors, and senior officers from across the City Corporation and the institutions have contributed through workshops. At the same time, a Guiding Coalition—including representatives from Town Clerks, Chamberlains, Community and , Innovation and Growth, City Surveyors, and institutions—has guided the design. The City of London Corporation Portfolio Board (officer board chaired by the Town Clerk) endorsed the changes on 13<sup>th</sup> May 2025.

Implementation is underway in two phases. Phase one, which was not dependent on the approval of the new framework, went live in April 2025 with the launch of the Cora enterprise-wide project portfolio management system and the introduction of new portfolio reporting to the Portfolio Board and the Projects and Procurement Sub-Committee. The implementation of the new P3 Framework is proposed as part of the second phase. It is scheduled to launch in November 2025, following a transition period to support in-flight projects, project managers, and finalise supporting materials.

This new framework strengthens strategic focus, improves accountability, and provides Members with more timely and meaningful oversight, aiding projects to deliver not only on time and on budget but also in line with the City of London Corporation’s strategic priorities.

### **Recommendation(s)**

Members are asked to:

1. Approve the new P3 Framework, including:
  - a) Approve the new project gateways – paragraphs 16-21
  - b) Approve the increase of delegated authority to £5m for Chief Officers – paragraph 21
  - c) Approve the increase of the threshold for Court of Common Council to receive gateway submissions to £20m – paragraph 21
  - d) Note the increase to £250k threshold for entering the gateway process – paragraph 21
  - e) Approve that once a “Red” project approves a rebaselined plan with the Service Committee and Project and Procurement SubCommittee, it can then proceed as a “Green” project – paragraph 21
  - f) Approve the SRO of a project or programme to have delegated authority to draw down against the agreed costed risk profile – paragraph 21

2. Expand the use of optimism bias with the established 'optimism bias' reserve to be authorised from the Service Committee and Finance Committee – paragraph 21
3. Note that the new P3 Framework will take effect at a launch event on 25th November 2025
4. Approve that further updates can be made to the P3 Framework with approval from CoL Portfolio Board with Members approving changes to the delegation levels
5. Authorise the Chamberlain to make the necessary amendments to other documentation i.e. the Corporation's Financial Regulations and the Procurement Code in order to align these documents with the Framework.

## **Main Report**

### **Background and context**

1. In 2019, Lord Lisvane was commissioned to undertake a review of the Corporation's governance. Amongst his findings, he found that "The complexity and slowness of decision-making within the Corporation is extraordinary. It is not too much to describe it as sclerotic." His findings were presented to the Right Honourable the Lord Mayor, Aldermen, and Commons of the City of London in Common Council assembled on 9th December 2021. Additionally, in October 2022, a Project Governance review was commissioned by the Operational Property and Projects subcommittee and approved by the Policy and Resources Committee. In March 2023, the Policy and Resources Committee amended the scope of the review to include an independent assessment of existing Member governance (i.e. committee structures). This element of the review was conducted by Paul Martin, a former local authority Chief Executive. As a result, service committees were recognised as the sponsoring body for projects. They were responsible for making decisions about the delivery of individual projects, except for capital projects exceeding £100 million. Changes were also made to the terms of reference for the Operational, Property and Projects sub-Committee (OPPSC) to establish it as the oversight body for a new portfolio management approach.
1. In 2022, Red Quadrant, a consultancy, were commissioned by the then Operational Property and Projects sub-committee to undertake a review of project management within the Corporation. The review aimed to assess existing governance arrangements and recommend a future approach that would support an effective and proportionate governance and assurance framework for project delivery across the Corporation. Red Quadrant found "a fragmentation of approaches, with common practices within individual departments becoming inconsistent with each other." They also found that project and programme managers had capability gaps. The consultants recommended that the Corporation adopt a portfolio management model for delivery, establish an enterprise-wide project and programme office, refresh the project procedure, and further develop the project management academy. The Policy and Resources Committee endorsed the report's findings in July 2023.

2. The Corporation is now adopting Portfolio Management practices. Portfolios are groups of projects and programmes. They are used to select, prioritise and control an organisation's programmes and projects, in line with its strategic objectives and capacity to deliver. Their goal is to balance the implementation of change initiatives and the maintenance of business as usual while optimising return on investment." Association of Project Management.
3. In late 2023, a maturity assessment was undertaken against the functional standard project delivery (Infrastructure and Projects Authority). This review assessed the Corporation to be 'in development' in its adoption of portfolio, programme and project management governance and processes. Since this date, the Corporation has undertaken considerable work to design and implement the findings of the various reviews. The project team has:
  - Defined the new portfolio structure and ownership – including sub-portfolios - clarifying the outcomes, accountabilities and initial tiering
  - Rationalised and undertook a baseline of all the projects in the Corporation and aligning projects to new portfolio structures
  - Undertaken health-checks on projects and programmes within the Corporation - using the findings to inform the development of new structures
  - Established a corporation-wide City of London portfolio board chaired by the Town Clerk
  - Created a new Commercial, Change and Delivery function within the Corporation, which contains an enterprise-wide PMO, skills and capability development and expanded impact and reporting teams
  - Procured, implemented and launched a new enterprise-wide Portfolio Management tool (Cora) which provides "a single source of truth" for projects in the Corporation, as well as supporting project managers in project delivery
  - Launched stakeholder communications – including the construction of a Guiding Coalition and Change Champions bringing together directors and project managers to work to common goals
  - Enabled Portfolio Dashboard Reporting to CoL Portfolio Board and Project and Procurement sub-Committee
  - Over 20 training sessions covering SRO development for Chief Officers and Directors
4. The first phase of the implementation has successfully laid the foundation for the further development of the Corporation's maturity in project and programme delivery. It provided the technology and organisational foundations upon which further enhancements can now be made. The complex change is now to governance structures, project and programme management processes as well as enhancing the capability of project and programme managers across the Corporation. Critical to implementing portfolio management is the development and operation of a new P3 Framework.

## **The purpose of the project, programme and portfolio framework**

5. The project procedure is the framework for the operation of the Corporation's projects and programmes. It provides a strategic and operational model to ensure consistent, effective and value-driven delivery of projects and programmes. The project procedure enables the alignment of projects with the Corporation's corporate plan, provides the basis for prioritising scarce resources, establishes governance structures, ensures transparency, provides clarity on accountability, and establishes a standard approach to managing risks, benefits, and dependencies. In particular, the purpose of the P3 Framework is to:
  - Provide a structured decision-making framework to ensure that projects are viable and have a high likelihood of success.
  - Support strategic decision making for Members and senior officers, with an emphasis upon impact, including climate impact, social value, benefits realisation and Return on Investment (ROI)
  - Encourage consistency of delivery across the organisation whilst allowing for flexibility to respond to circumstances.
  - Provide oversight of the conception and delivery of projects – the framework provides the basis for compliance, and the governance requirements are proportionate to the project's complexity and risk.
  - Ensure that we have policies to discharge our statutory and non-statutory duties with proper oversight and control.
6. The P3 framework includes a gateway process that provides a structured framework for decision-making at key stages, ensuring the project or programme remains viable, is aligned, and offers value for money before proceeding further. At each stage of the gateway process, cost and benefit estimates are produced, which become progressively more accurate as business cases are developed and refined. The critical decision at each stage is to assess whether the project or programme remains viable.

## **Why the framework needs to change**

7. The current project procedure does not adequately serve the needs of Members, as it does not provide them with a sufficient view of the project's or programme's progress. Projects and Programmes were often considered in isolation, making it harder to see how they contributed to overall strategic priorities. It also did not suit the needs of project managers as it was disproportionate and often resulted in delays for projects and programmes.
8. In particular, the current project procedure:
  - Has several exceptions and bespoke arrangements for some departments, leading to inconsistencies in the project delivery approach
  - Was only applicable to capital and construction projects, and excluded transformation or innovation projects

- Focuses Members and project managers on individual gateways rather than being able to see the progress and cost of a project as a whole
  - Had many gateways and governance requirements, which slowed down the delivery of projects and led to increased delivery costs
  - Focused project managers to obtain project funding to the next gateway rather than to assess the overall viability of a project; standalone procurements were often submitted.
  - Did not adequately differentiate between small and larger projects
  - Frequently did not appraise the full extent of the risk of a project or programme
9. For many Members and Chief Officers, the gateway submissions provided the only means of transparency for the development of projects and programmes. Contextual information on gateway submissions, such as trends in project cost, was not always visible. This meant that Members were often immersed in operational details and did not have the correct information to step back and evaluate the direction.
10. The combined impact of these problems meant that projects were frequently delayed and/or cost more than necessary. According to work undertaken by the City Surveyor department, compared to the typical construction process outside the Corporation, project duration was often 50% longer, and professional fees were sometimes 25% higher within the Corporation.

## **Our Approach**

11. The team has consulted widely across the Corporation in the development of the new P3 Framework. All levels of the Corporation have been engaged in developing, testing, and iterating its design. These reviews enabled the team to co-create the framework with project managers and those who manage them. These forums have included the use of:
- Workshops with project managers and directors to identify pain points of the current project procedure, as well as providing an opportunity to seek solutions
  - A 'Guiding Coalition' including senior management representatives from the Town Clerk's office, Chamberlain's, DCCS, Innovation and Growth, City Surveyor's, City Bridge Foundation, the Barbican, Environment and City of London Police
  - A 'Change Champions' forum which brought together practitioners, including project and programme managers for different sizes of projects and across a variety of departments
  - Review by Departmental Leadership Teams – The new P3 Framework has been endorsed by all departments and institutions, except for Freeman's School.

- Review by the City of London Corporation Portfolio Board, containing the Chief Officers and representation from institutions

12. In addition, to illustrate the framework, workshops were conducted with project managers from several real-life projects to understand how the new method will reduce, streamline, and improve the current gateway process. These workshops examined the changes in documentation produced at each stage, the process steps that the project manager needed to undertake, and the understanding of the proposed governance changes. The forums provided an opportunity for project managers to further engage in the development of the new framework and demonstrated how it would work in practice.

## Project Tiering

13. Under the new P3 Framework, all projects and programmes will be tiered according to their financial value, complexity, and impact on people. This will help ensure that the governance provided to a project or programme is proportionate to its size and complexity. The intention is that through this new tiered approach, Members' time is used efficiently, focusing scrutiny on more strategic decisions as well as higher-risk, high-cost or politically sensitive projects. At the same time, lighter governance is applied to those projects with more routine delivery.

14. These new tiering categories are as follows:

	Description	Typical cost	Estimated no. of projects
Tier 0	High-profile to the City of London Corporation, directly addresses the strategic outcomes of the Corporation	£100m+	2 (FPE and Barbican Renewal)
Tier 1	Delivers strategic outcomes for the City of London Corporation, high levels of uncertainty, requires new or innovative practice, complex to deliver	£20m-£100m	16
Tier 2	Contributes to strategic outcomes, contains uncertainty, requires some technical innovation and with moderate impact upon people	£5m-£20m	64
Tier 3	Aligns to strategic outcomes, clearly defined approach, requires some	£250k-£5m	102

	technical innovation and with minimal impact upon people		
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15. Please note that the number of projects in the table above are provisional estimates and will require amending when the new tiering tool has been produced. At the time of writing 72 projects are awaiting to be tiered. A tiering tool will be developed to aid the categorisation of projects and programmes and provide an indicative tiering for the project or programme manager. The initial tiering can be revised as business cases are developed. In addition, City of London Portfolio Board or Project and Procurement Sub-Committee can revise tiering should they consider it appropriate to do so. The ePMO will review tiering across the Corporation to ensure consistency.

### **The new gateways and governance**

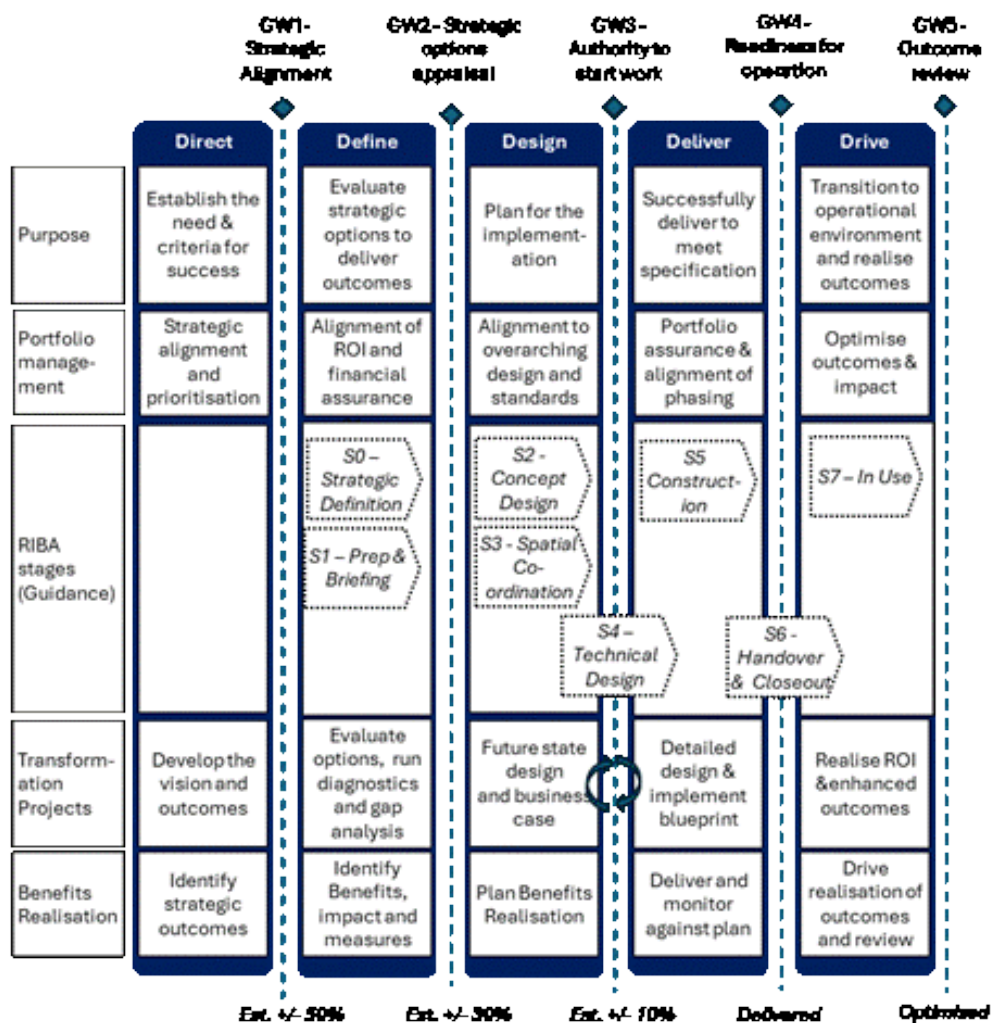
16. The new gateway process structures the lifecycle of all Tier 3 and above projects and programmes into five sequential stages, each with mandatory deliverables and decision points. The new gateways are designed to be simplified and consolidated. The intention is to provide a framework for project managers to operate within, rather than a prescriptive operating procedure.

17. The new gateways are:

- Gateway 1 – Direct (Strategic Alignment) – Establishes the project need, ensures strategic alignment, and establishes early estimates of costs, benefits, and funding sources. At this stage, the project's strategic case is developed.
- Gateway 2 – Define (Strategic Options Appraisal) – Explores delivery options and refines costs and benefits. At this stage, the outline business case is produced.
- Gateway 3- Design (Authority to Start Work) – Finalises the preferred option, confirms funding, develops the project schedule and the outcomes expected from the project or programme. At this stage, the full business case is produced.
- Gateway 4 – Deliver (Readiness for Operation) – Delivery of agreed outputs, resource management, progress reporting and issue resolution. At the end of this stage, a readiness for operation assessment is undertaken.
- Gateway 5 – Drive (Outcome Review) – Transition to business as usual, benefits review, lessons learned and formal project closure. At this stage, a closure report is written, and lessons learned are formally documented.

18. These gateways are aligned to both RIBA stages and to transformation approaches. The gateway process is streamlined and embedded with sustainability, outcome planning and benefits realisation as mandatory components. The following diagram explains these gateways:





19. Tier 2 and Tier 3 projects and programmes have 'fast track' routes. For example, where no options appraisal is required, the second gateway can be combined or skipped. This approach enables members to retain governance authority while providing a basis for projects to respond to time-sensitive environments (e.g., those related to health and safety) or when the project is externally funded.

20. The P3 Framework clearly defines mandatory and optional documentation for each Gateway. This will include business cases, which will consist of more contextual information for members, such as trends in costs over time.

### Key changes to the procedure

21. The following table indicates the key changes to the project procedure:

Topic	Description of change	Benefits
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Strategic emphasis	<ul style="list-style-type: none"> <li>• First two gateways focus upon alignment with City of London Corporation strategic outcomes, as well as Institution priorities and Climate Action</li> <li>• Earlier culling of non-viable projects</li> </ul>	<ul style="list-style-type: none"> <li>• Members can be confident that investment decisions support agreed policy priorities</li> <li>• Easier to demonstrate tangible delivery against strategic commitments and Member priorities</li> </ul>
Scope of Framework	<ul style="list-style-type: none"> <li>• A single framework covering construction, transformation and innovation projects</li> <li>• The P3 Framework will now cover all projects types over £250k. This is an increase from the previous threshold of £50k</li> <li>• No exclusions to the framework</li> <li>• Tier 0 (Major programmes) to now be included within the Gateway process</li> </ul>	<ul style="list-style-type: none"> <li>• Members have better oversight of all major projects and programmes – enabling Members to hold officers to account</li> <li>• Better alignment to City's strategic goals</li> </ul>
Clearer oversight and accountability	<ul style="list-style-type: none"> <li>• Clear definition of accountable and responsible departments</li> <li>• Accountable departments are the client departments with the Senior Responsible Owner (SRO).</li> <li>• Responsible departments deliver the project or programme, typically handling the Design and Delivery stages</li> </ul>	<ul style="list-style-type: none"> <li>• Members have clearer lines of accountability, enabling more effective challenge, assurance and follow up across committees and portfolios</li> </ul>

Gateways	<ul style="list-style-type: none"> <li>• Reduction of the current six gateways (under complex route) to five gateways</li> <li>• The current Project Briefing and Project Proposal Gates combined into one Gateway which covers "Strategic Alignment."</li> <li>• Removing the detailed options appraisal from the current gateways</li> <li>• Remove the current light, regular and complex routes and instead have options for fast-tracking relevant projects (Tier 2 and Tier 3 only)</li> <li>• A new Gateway 4 (Readiness for Operation) introduced to assess for readiness to handover into an operational state. By default, it will be approved by the SRO.</li> <li>• Gateway 5 is concerned with driving through the benefits of the project or programme and realising its objectives</li> <li>• Once a "Red" project agrees a rebaselined plan with the Service Committee and PPsC, it can proceed as a "Green" project</li> </ul>	<ul style="list-style-type: none"> <li>• Gateways at the right points to enable impactful strategic interventions by Members</li> <li>• Enhances strategic value from the outset as well as upon the realisation of benefits and outcomes</li> </ul>
Member Governance	<ul style="list-style-type: none"> <li>• It is proposed for the Court of Common Council to approve projects and programmes over £20m</li> <li>• Proposed for Service Committees to receive business cases for projects and programmes over £5m in cost</li> </ul>	<ul style="list-style-type: none"> <li>• Members focus on those projects that matter most to the achieve of political and community priorities</li> </ul>

	<ul style="list-style-type: none"> <li>Each portfolio, including sub-portfolios, will have a summary Portfolio Dashboard received at PPsC.</li> </ul>	<ul style="list-style-type: none"> <li>Members gain timely visibility of project performance and emerging risks – empowering earlier intervention and reducing reliance upon the gateway process</li> </ul>
Officer Governance	<ul style="list-style-type: none"> <li>Introduction of City of London Portfolio Board which will receive Monthly portfolio dashboards on projects and programmes</li> <li>Portfolio Board to also receive Gateway submissions and business cases for Tier 0 and Tier 1 (£20m+) projects prior to submission to members</li> <li>Remove the use of the officer led corporate projects board and replace with departmental portfolio boards to provide a hierarchy for resolution of project issues</li> <li>Chief Officers can approve all Gateway reports for Tier 3 projects and programmes (up to £5m)</li> <li>The Chamberlains Assurance Board will receive Gateway Tier 0 and Tier 1 papers and will provide financial assurance and recommendations to the CoL Portfolio Board</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced strategic oversight, advice on trade-offs between investments and financial assurance to Members</li> <li>An officer hierarchy for the resolution of project related issues</li> </ul>

Risk Management	<ul style="list-style-type: none"> <li>• The SRO will have delegated authority to draw down against the agreed costed risk profile</li> <li>• In addition, expand the use of optimism bias to Tier 1 projects at a minimum but also available to lower tier projects</li> <li>• The 'optimism bias' reserve can only be drawn down from authorisation from the Service Committee concerned and Finance Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Better understand and manage the full extent of the risk of a project or programme – and quantify known and unknown risks</li> </ul>
Focus on benefits, outcomes and climate impact	<ul style="list-style-type: none"> <li>• A benefits realisation plan is required and a new benefits framework is in development for benefits identification and realisation</li> <li>• A new phase specifically addressing the needs of benefits realisation</li> </ul>	<ul style="list-style-type: none"> <li>• Members can evaluate whether projects deliver not just on time and budget but also wider public value – supporting stronger public accountability</li> </ul>

## Financial Governance Changes

22. The current financial regulations refer directly to the project procedure as the overarching guidance for Capital and Supplementary Revenue project budgets within the City Corporation. Therefore, updating the framework will, in current formats, remove the previous guidance on how to manage project budgets.

23. The previous approach led to several issues including;

- Lack of clarity around approved budgets
- Duplication of budget approvals
- Duplication of governance processes for revenue expenditure
- Duplication of information within financial systems impacting on the quality of reporting

- Delays in processing budget adjustments aligned to gateway stages

24. The update to the framework gives an opportunity to update financial governance and improve transparency and accountability for budget managers. In order to achieve this, the financial regulations will also require updating in order to ensure there is a complete overarching financial governance framework. A draft update to the Capital Budget financial regulations has been drafted and is included as Appendix A.

25. The key principles of the changes to the financial regulations are based on budgets being either 'Revenue' or 'Capital', with budgets approved in line with those governance arrangements. This means a move away from the previous drawdown of funding at each gateway stage. The reasons for this and other key changes are set out in the table below.

Old process	New Process	Why change?
Budget drawn down at each gateway stage	Budget approved in line with annual budget setting or in line with financial regulations	Greater clarity for budget managers of approved amounts. Less chance of budget "creep" at each gateway stage
Recharging <u>all costs</u> to project budget codes (inc revenue projects)	Recharge staff costs to capital projects where appropriate, but keep other revenue costs within local/central risk budgets and bring funding into these if needed (i.e. s106)	Currently have a process where costs are moved out of revenue into SRP projects, then brought back into revenue at year end. This does not aid transparency and reporting and also created unnecessary admin.
Gateway process and spend control in CBIS used to provide assurance	Quarterly budget monitoring provides earlier identification of pressures. Requirement to remain within budget remains and should be considered at each gateway stage	Previous process meant prioritisation was taken on a case by case basis when reports came forward. Aligning more to budget cycle will allow members to consider the broader impact
Approvals linked to progression through gateway stages	Approvals linked to procurement thresholds and financial regulations	Removes duplication of approvals and increases emphasis on monitoring and reporting

## Scenarios

26. A number of scenarios of existing projects were reviewed to understand how the new P3 framework will reduce, streamline and improve the current gateway process. These scenarios provided an opportunity to further engage project managers in the development of the P3 Framework and to demonstrate how it would work in practice for a particular project.

Project	Description	Key benefits of the new framework for the project	Member Approval Steps (Old)	Member Approval Steps (New)
COLPAI Tier One	– Housing development – complications which resulted in costs increasing from £25m to £61m.	<ul style="list-style-type: none"> <li>• Greater strategic focus - First two gateways focus upon 'why' and 'what' of the programme</li> <li>• Better manage our known and unknown risks – use of optimism bias</li> </ul>	21	13
ERP – Tier One	High profile systems implementation – complexities in governance	<ul style="list-style-type: none"> <li>• Governance interventions focused upon strategic decision points</li> <li>• Better risk and financial management</li> </ul>	28	13
Future Network Programme- Tier 2	Future Corporation Network – required combined gateways to create feasibility fund	<ul style="list-style-type: none"> <li>• Framework accommodates a faster approval process for Tier 2</li> <li>• Faster approvals for changes within scope and budget</li> </ul>	12	6
Tower Bridge Trenches – Tier 3	Alignment to City Bridge 50 year plan – required 3-4 committee approvals at each gateway	<ul style="list-style-type: none"> <li>• Project gateways will be approved by the chief officer</li> </ul>	10	N/A

## Implementation

27. It is proposed that the new P3 Framework be implemented as part of the second phase of Portfolio Management. The first phase of this programme successfully went live in April 2025 with the launch of the new ePMO system (Cora) and reporting to the CoL Portfolio Board. Feedback on the new system was well received by those who attended the training. Upon seeing the new system, some departments wish to adopt its use without requiring a corporate requirement to do so. The ePMO system can embed the processes and governance arrangements of the P3 Framework within its workflows and checklists, thereby easing adoption by project managers and enabling compliance.
28. However, transitioning to the new gateways proposed in this document carries risk. It is not considered feasible to operate two gateway systems simultaneously within the Corporation, and therefore, a transition of in-flight projects and programmes is required to the new gateways. There are projects and programmes which are currently operating through an existing gateway which may may not exist under the new arrangements, with potential implications for project funding or commercial arrangements. In addition, Members, Chief Officer and Projects will need to be adequately supported to adopt the new arrangements.
29. To address these risks, the team is proposing as part of the implementation to undertake an assessment of project's readiness to transition to the new gateways. This will include an assessment of a project's contractual arrangements, project funding, member awareness, supporting tools and templates, governance and project manager understanding of the changes required. This assessment will be formally documented and will feed into an informed decision as to the readiness to transition.
30. The following are the workstreams of the second phase of the programme.

Workstream	Description	Key outputs
Cora Implementation (Phase 2)	<ul style="list-style-type: none"><li>• Detailed process mapping and workflows for Cora</li><li>• Requirements gathering for Benefits Module and Workflow</li><li>• Systems configuration and testing</li></ul>	<ul style="list-style-type: none"><li>• Cora phase 2 complete with Benefits and Workflow modules</li></ul>



	<ul style="list-style-type: none"> <li>• Project Manager Training on Cora</li> </ul>	
Benefits Management	<ul style="list-style-type: none"> <li>• Development of a benefits framework</li> <li>• Requirements for the benefits module of Cora</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits management framework</li> </ul>
PPM Framework	<ul style="list-style-type: none"> <li>• Development of guidance material for the P3 Framework and placing on the intranet</li> <li>• Development of tiering tool</li> <li>• Manual forms for the PPM framework (for those who cant use Cora)</li> <li>• Development of Business case and gateway submission templates</li> </ul>	<ul style="list-style-type: none"> <li>• Intranet Guidance</li> <li>• PPM Framework</li> <li>• Gateway submission documentation</li> </ul>
Operational Readiness	<ul style="list-style-type: none"> <li>• An assessment of individual projects and Portfolios to determine their readiness to transition to the new gateways ahead of implementation</li> <li>• Hands-on support to project managers to transition to new gateways and support to users upon go-live of the system</li> <li>• Establishment of Departmental Portfolio Boards and support to Chief Officers</li> <li>• Agreeing exceptions to the</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental portfolio boards in operation</li> <li>• Go/No Go Decision for transition</li> <li>• Successful transition of projects to new gateways</li> </ul>

	<p>new gateways for individual projects (e.g. those close to closure)</p> <ul style="list-style-type: none"> <li>• Drop in sessions to support users</li> </ul>	
Skills and Capability Development	<ul style="list-style-type: none"> <li>• Development of a wider range of training for different learner types – including Members, Portfolio Executives and Senior Responsible Owners, project managers and project officers, as well as Finance Business Partners</li> <li>• Development of a Capabilities Analysis system to proactively identify areas of focus and development for learners</li> <li>• Increase the visibility of industry memberships (such as APM) to support further CPD opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Online e-learn training modules on key project management competences</li> <li>• In-person training designed with different learner types in mind</li> <li>• Alignment with other CoLC training offers</li> <li>• Alignment with internal processes and industry best practices</li> <li>• Regular stakeholder engagement and communication</li> </ul>
Communications and Stakeholder Engagement	<ul style="list-style-type: none"> <li>• Communication to Directors, Project Managers and Members</li> <li>• Revision of the current guiding coalition to a forum which supports Directors in establishing the new governance in their services</li> <li>• Ongoing feedback loops – feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Regular communication</li> </ul>

	<p>will be collected on change readiness assessment of project management teams</p> <ul style="list-style-type: none"> <li>• Videos to explain aspects of the key changes</li> </ul>	
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31. The system and supporting material will be ready and live in October 2025. To provide sufficient time to prepare Members, Chief Officers and Project Managers for the change, it is proposed that the launch occur in November 2025.

### **Corporate & Strategic Implications**

Financial implications – Integration of financial data drawn from SAP (as part of Programme Sapphire) with the Portfolio Management tool, Cora, is currently unfunded.

Resource implications – The implementation plan for the new project procedure includes a revised training offer for project managers and a wide number of other learner types.

Legal implications – None.

Risk implications – Freeman's school not supportive of new project procedure, ensuring that project managers are ready to transition to the new structure, currently funding for financial integration implementation is unconfirmed.

Equalities implications – The new framework provides an opportunity to enhance and further embed inclusive thinking. Implementation requires accommodation of disabilities in systems usage appropriately and to provide flexible training for carers. An EQIA assessment has been carried out (Appendix C).

Climate implications – The new framework mandates climate action reviews as part of the gateway process.

Security implications – None.

### **Conclusion**

The revised Project, Programme and Portfolio (P3) Framework represents a significant step forward in strengthening the City of London Corporation's approach to project governance. It provides Members with clearer oversight, improved assurance and greater alignment between investment decisions and strategic outcomes.

### **Appendices**

Appendix A – Finance Regulations

Appendix B – Risk Register

Appendix C – EQIA Assessment

Appendix D – Proposed new project procedure

## **Background Papers**

[Project Governance Review - Finance Committee - 18th July 2023](#)

[Independent review of project related member governance – Court of Common Council – 7th September 2023](#)

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## Appendix A – Finance Regulations

### Managing Capital Budgets

- 1.1 Capital budgets are generally managed in accordance with the Corporate Project Procedure via the gateway process and associated guidance. City Bridge Foundation projects are managed in accordance with the Corporate Project Procedure subject to the City Bridge Foundation Board being the responsible Committee for all decisions except where reserved to the Court of Common Council. Further, the City Corporation's Major Projects (under City Fund and City's Estate) are not required to follow the gateways and are under the direct control and management of the Capital Buildings or Policy and Resources Committees.
- 1.2 Capital projects are major one-off expenditures (>£50k capitalisation threshold) relating to the acquisition, creation or enhancement of an asset that yields benefits to the authority and the service it provides for a period of more than one year. For example, cyclical replacements of major components (e.g. windows, roofs, M&E infrastructure) are capital but cyclical repairs are not.
- 1.3 Project expenditure that does not meet the accounting definition of capital expenditure, e.g. preliminary project costs at feasibility and option appraisal stages and one-off major repairs (>£50k) should be identified and approved in line with revenue guidelines set out above. Classification of expenditures between capital and Revenue should be made in consultation with the Chamberlain's department.
- 1.4 All capital budgets should be approved as part of the annual bid process with approval sought from the Resource Allocation Sub, Policy and Resources and Finance Committees and subject to final approval of the Court of Common Council, which informs the Capital Strategy which feeds into the Medium-Term Financial Plan (MTFP). For City Bridge Foundation, all approvals shall be sought from the City Bridge Foundation Board including approval for capital projects which are cross cutting across all three funds (City Fund, City's Estate and City Bridge Foundation) within the framework set by, and subject to any reservations to, the Court.
- 1.5 If an urgent capital project is required and will incur expenditure in the financial year, then then the following action should be taken depending on the funding source.
  - i. S106/CIL/OSPR

- Reports will be taken on a quarterly basis to the Priorities Board, with proposals then taken to RASC and P&R for approval and inclusion to the Capital (or Revenue) budgets.

ii. External grants

- Reports will be taken on a quarterly basis to the Priorities Board, with proposals then taken to RASC and P&R for approval and inclusion to the Capital (or Revenue) budgets.

iii. Central Funds (CF/CE)

- Any drawdown from the central contingency within the Capital programme each year requires RASC and P&R approval to ensure the overall affordability of the programme is maintained.

1.6 The level of business case required for new bids is set out in the project procedure. Full business cases following Treasury Green Book guidance are required for capital projects over £20m (Tier 1 and Tier 0).

1.7 Capital projects under £20m should still consider the business justification and strategic alignment, along with the revenue benefits of undertaking the work.

1.8 Inclusion of a budget within the Capital programme does not automatically approve all spend associated with it. Spend approvals must still follow the limits set out in the procurement code and scheme of delegation when entering into commitments.

1.9 Capital budgets are not generally specific to a financial year unless the source of funding is restricted by time (e.g. external grant funding). Maintaining an annual profile is however an essential requirement of each Project Manager and all projects will be approved annually through the MTFP process.

1.10 Moving forward Capital expenditure must be recorded on Capital cost centres (SAP) and Revenue expenditure on Revenue cost centres. Where staff costs are to be capitalised these should be recharged on a minimum quarterly basis to ensure clarity around reporting.

## Virement of Capital

- 1.11 Virements within approved Capital budgets are permitted, provided the overall approved sum is not exceeded and the scope remains unaffected. Movement between budget heads (e.g. from fees to works) requires approval of Chief Officer and Head of Finance other than for City Bridge Foundation. For City Bridge Foundation the approval shall be sought from the Finance Director of City Bridge Foundation and the Managing Director of City Bridge Foundation.
- 1.12 Capital Project Budgets cannot be vired between projects unless approval is sought from Resource Allocation Sub and Policy and Resources Committees.

## Appendix B – Strategic Risks and Mitigations

The following are the key strategic risks identified.

Risk	Description	Impact	Likelihood	Overall	Mitigation
Reporting of financial data	Effective project governance relies upon timely financial data.	4	3	12	<ul style="list-style-type: none"> <li>Interim reconciliation procedures</li> <li>Flag financial data status in Cora (e.g. verified or pending)</li> <li>Operational finance process improvements (e.g. cost codes)</li> </ul>
Disruption to inflight projects	In-flight projects may face confusion, governance gaps, or funding shortfalls.	4	3	12	<ul style="list-style-type: none"> <li>Conduct structured readiness assessments</li> <li>Agree exceptions</li> <li>Offer project-specific support and drop-in sessions via PMO liaisons</li> </ul>
Cultural resistance and legacy behaviours	Departments may revert to informal or inconsistent practices e.g. Freeman's School did not endorse	4	3	12	<ul style="list-style-type: none"> <li>Use Change Champions to embed new behaviours</li> <li>Ensure leadership-level advocacy from Chief Officers</li> <li>Track compliance and follow up on variances via dashboards</li> <li>Carry out structured communications and engagement activity to share key messages and progress</li> </ul>
High-profile failure during transition	A Tier 0/1 project failure could damage trust in the new approach	4	3	12	<ul style="list-style-type: none"> <li>Use readiness assessments to identify failure risks</li> <li>Prioritise transition support for high-profile projects</li> </ul>



					<ul style="list-style-type: none"> <li>• Maintain senior officer oversight and assurance</li> <li>• Use Gateway 4 readiness checks to spot early warning signs</li> </ul>
Support to Portfolio Executives / Chief Officers	Chief Officer (Portfolio Executives) may lack the capacity to implement Portfolio model within their departments	3	3	9	<ul style="list-style-type: none"> <li>• Provide toolkit (e.g. Terms of Reference and roles)</li> <li>• Assign central PMO liaison to support each department</li> <li>• Offer targeted leadership briefings and support</li> </ul>
Insufficient Member or officer buy-in	Key stakeholders may view the new model as unnecessary or too complex	3	3	9	<ul style="list-style-type: none"> <li>• Engage Members through briefings (including assurance and control mechanisms) and real-project walkthroughs</li> <li>• Use early adopter testimonials and success stories</li> </ul>
Capability gaps in delivery teams	Staff may lack experience in benefits management, tiering, or strategic appraisal	3	3	9	<ul style="list-style-type: none"> <li>• PM Academy training to focus on key skill areas and expectations</li> <li>• Inclusion of coaching and mentoring from experienced officers</li> <li>• Guidance material on the intranet</li> <li>• Development of a wider learning and development offer as part of P3 professionalisation</li> </ul>
Dilution of strategic focus in smaller projects	Fast-track routes may lead to weak outcomes/ focus for Tier 2/3 projects	2	2	4	<ul style="list-style-type: none"> <li>• Randomly audit fast-tracked projects for compliance</li> <li>• Escalate high-risk Tier 3 projects for closer review by Chamberlains</li> </ul>

					Assurance Board and CoL Portfolio Board
Misuse of optimism bias	Teams may use contingency as a crutch rather than improving risk maturity	2	2	4	<ul style="list-style-type: none"> <li>• Train SROs and Chief Officers (Portfolio Executives) on appropriate use of optimism bias</li> <li>• Require service committee sign-off for OB drawdowns</li> <li>• Monitor trends in OB use across portfolios</li> </ul>

## Appendix C - Equality Impact Assessment

### Section 1: To be completed by all

<b>Proposal Title</b>	New Project, Programme and Portfolio Framework
<b>Details of the lead officer completing the Assessment/ Role responsible for the completion of the EQIA</b>	Matthew Miles – Portfolio Management Implementation lead
<b>Department Responsible:</b>	Chamberlains
<b>Who has been involved in creating the EQIA:</b> (please summarise/list stakeholders you have engaged with and how)	Nadhim Ahmed (Assistant Director Portfolio Management) and Genine Whitehorne (Commercial Director).  The new framework has been developed through consultation with a guiding coalition and change champions.
<b>Date of Initial assessment:</b>	29 <sup>th</sup> May 2025
<b>Dates of review (as applicable)</b>	

### 1.PROPOSAL OVERVIEW

This Equality Impact Assessment (EQIA) accompanies the proposed implementation of the City of London Corporation's revised Project, Programme and Portfolio (P3) Framework. The new procedure introduces a tiered approach to project governance, simplifies gateway approvals, and strengthens the focus on benefits realisation and strategic alignment with corporate objectives. As part of its commitment to inclusion, the Project Procedure also mandates that individual projects must undertake Equality Impact Assessments where appropriate.

The new framework is largely neutral or positive in its impact on individuals with protected characteristics, as well as other priority inclusion groups such as carers, parents, care leavers, veterans, and people from lower socio-economic backgrounds. The procedure itself does not directly discriminate against any group

and provides an opportunity to enhance and further embed inclusive thinking. This includes using benefits frameworks to identify outcomes for disadvantaged groups and requiring Equality Impact Assessments at the project level where appropriate. The risks are primarily associated with the implementation of the new framework.

These include:

- People with disabilities may be disproportionately affected if the new system (Cora) and training materials are not accessible.
- Staff may require additional support to adapt to new digital tools and procedural changes.
- Carers and parents could be negatively impacted if engagement with training is not offered in flexible formats or within family-friendly hours.

These are considered to be relatively low risks.

### **Sign off**

#### 1. Officer completing the EQIA

<b>Name</b>	Matthew Miles
<b>Job Title</b>	Portfolio Management Implementation Lead
<b>Date</b>	29 <sup>th</sup> May 2025
<b>Signature</b>	

#### 2. Line Manager

<b>Name</b>	Nadhim Ahmed
<b>Job Title</b>	Assistant Director – Portfolio Management
<b>Date</b>	29 <sup>th</sup> May 2025
<b>Signature</b>	

#### 3. Senior Manager or Chief Officer

<b>Name</b>	Genine Whitehorne
<b>Job Title</b>	Director – Commercial, Change and Portfolio Delivery
<b>Date</b>	
<b>Signature</b>	

**Once this form has been signed off, please send a copy of the form to the EDI Team: [CSPT.EDI@cityoflondon.gov.uk](mailto:CSPT.EDI@cityoflondon.gov.uk)**

## **Resolution to the Finance Committee**

*Submitted by the Community and Children's Services Committee – 19<sup>th</sup> June 2025*

**Title:** Commitment of Funding for Homelessness from Council Tax

### **Resolution:**

The Community and Children's Services Committee, noting the discussion at the Court of Common Council on 6 March 2025 (Item 7, Finance Committee), and the statement made by the Chairman of the Finance Committee, Deputy Henry Nicholas Almroth Colthurst, regarding the potential use of revenue from the Council Tax to support homelessness initiatives, resolves as follows:

That the Finance Committee be asked to:

1. Formally consider and confirm the commitment that revenue generated from the Council Tax on second homes be prioritised for initiatives addressing homelessness within the City of London.
2. Report back to the Community and Children's Services Committee on the mechanisms by which this funding will be allocated, monitored, and evaluated to ensure it delivers meaningful impact.
3. Ensure transparency in the application of these funds, including through regular reporting to the Court of Common Council and relevant committees.

This resolution reflects the Community and Children's Services Committee's strong support for targeted investment in homelessness services and seeks to align financial policy with the City Corporation's stated social priorities.

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<b>Committee(s):</b>	<b>Dated:</b>
Finance Committee – For information	01/07/25
<b>Subject:</b> 2024/25 Outturn Report for City Fund and City's Estate	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	N/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/a</b>
<b>What is the source of Funding?</b>	<b>N/a</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/a</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Daniel Peattie, Assistant Director - Strategic Finance	

## Summary

This paper provides a summary of the 2024/25 draft outturn position for City Fund and City's Estate. For revenue budgets, City Fund was underspent by £23.4m and City's Estate by £5.6m.

Although the overall position of each fund was better than budgeted, it should be noted that the total Local Risk (Chief Officer cash limited budgets) was overspent on both funds. This is largely due to inflationary increases that exceeded the annual uplift factored into budgets.

The total underspend of £29m (£23.4m City Fund and £5.6m City's Estate) is an increase of £16.4m (£11.2m CF and £5.2m CE) from the forecast reported at Q3 (£12.2m CF and £0.4m CE), mostly due to additional income being received on money market funds and external dividends. Detailed analysis of variances will be reported to service committees

As per the Financial Regulations, Chief Officers can bid to carry forward funds into the following financial year, where their local risk budget is underspent. The Chamberlain, in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub-Committee (RASC) will be reviewing the carry forward bids in early July. Bids received from Chief Officers total £1.3m from City Fund and £0.5m from City's Estate to fund delayed activity from 2024/25 due to various reasons. To note any approved carry forwards will be offset against the amounts transferred to reserves.

Central contingencies including those held by Finance and Policy & Resources Committees had unspent balances of £23.3m at year end. (£12m City Fund and £11.1m City Estate) These amounts will be transferred to reserves in order to

support pressures in future years. The budget paper that was agreed by Court in March 2025 listed a number of one off or time limited pressures and recommended these be funded from this underspend and will therefore be considered by the Chamberlain and Chairman and Deputy Chairman of RASC as part of the carry forward process.

Financial Regulations also state that a deficit in a Chief Officer's local risk budget should be carried forward and recovered in the following financial year unless Finance Committee agree to write off. Several Chief Officers have overspent during the year largely linked to pressures on employee budgets due to restructuring, unachieved vacancy factors. and unachieved savings These will be discussed alongside the carry forward bids.

This report also provides a summary of the 2024/25 outturn for Capital and Supplementary Revenue Projects (SRPs) across both City Fund and City Estate.

Actual capital and SRP expenditure in 2024/25 amounted to £388.4m comprising £295.6m for City Fund and £92.8m for City's Estate. This is a combined £180.7m less expenditure than the approved Capital Programme of £569m. This is essentially due to slippage, slightly less than last year's slippage of £230m, but there is still work to do in establishing more realistic forecasts both from the service areas and finance.

### **Recommendation(s)**

Members are asked to:

- Note the report and provisional outturns for City Fund and City's Estate for the financial year 2024/25.
- Note the carry forward requests will be discussed by the Chamberlain, Chairman and Deputy Chairman of RASC in July and outcomes communicated to Chief Officers.

### **Main Report**

#### **Background**

1. This report summaries the 2024/25 provisional outturn position for City Fund and City's Estate.
2. In March each year, the Court of Common Council approves the Revenue and Capital programmes as part of the annual budget setting process.
3. The purpose of this report is to provide a summary of the 2024/25 actual expenditure for City Fund and City's Estate against the budget and consider the reasons for any significant variances.
4. The section below shows a snapshot of the current position. More detailed analysis by Fund is shown in the subsequent section.



## Current Position

- Revenue:** Net expenditure for the year, across both funds, against the final budget totalled £246.5m, resulting in a £29m underspend. This equates to a 10.5% total variance. Total Local risk had a variance of - 2.15% which is slightly above the KPI target of 1%

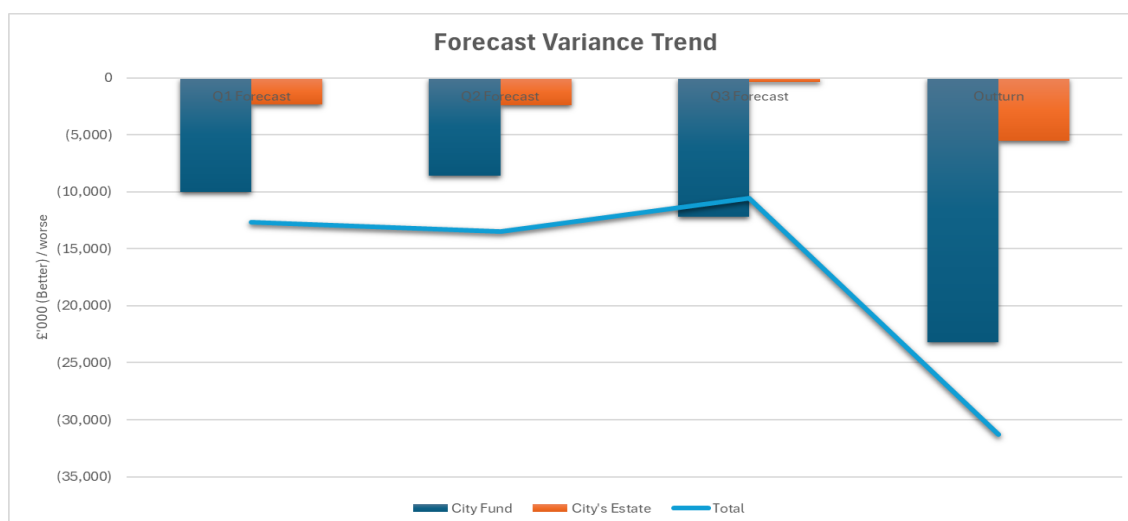
**Table 1: 2024/25 Outturn Summary by Fund**

	Net Budget £m	Provisional Outturn £m	Variance £m	Local Risk £m	Central Risk £m	Support Services £m
<b>City Fund</b>	198.4	175.0	(23.4)	1.2	(24.2)	(0.4)
<b>City's Estate</b>	77.1	71.5	(5.6)	3.7	(8.1)	(1.2)
<b>Total</b>	<b>275.5</b>	<b>246.5</b>	<b>(29.0)</b>	<b>4.9</b>	<b>(32.3)</b>	<b>(1.6)</b>

Whilst the overall position on each fund was better than budget, there were a range of financial outcomes under each Committee, which are summarised in later sections of this report alongside the key variances contributing to the overall position of each fund. Each Committee will receive an outturn report setting out in more detail the variances that have occurred during the year.

6.

**Chart 1: Forecast Variance Trend from Q1 to Outturn**



**Capital:** The total expenditure incurred in 2024/25 across both City Fund and City's Estate was £388.4m. Table 2 shows the split between supplementary revenue and capital spend, there is also an additional line for the grant from City's Estate to City Fund for the Salisbury Square development for the Courts element of the build.

**Table 2: Capital Expenditure Summary split**

Expenditure Type	City Fund Outturn £m	City Estate Outturn £m	Total £m
SRP	8.4	10.2	18.6
Grant for Salisbury Square (City's Estate)	-	35.4	35.4
Capital	287.2	47.2	334.4
<b>Total</b>	<b>295.6</b>	<b>92.8</b>	<b>388.4</b>

**Table 3: Funding the Capital Programme**

Sources of Funding	City Fund Outturn £m	City Estate Outturn £m	Total £m	2023/24 Approved Budget £m	Variance £m
Revenue/Earmarked Reserves	55.3	58.6	113.9	153.4	(39.5)
HRA	42.4	-	42.4	65.2	(22.8)
Asset Disposal Proceeds	75.2	34.2	109.4	182.6	(73.2)
Grants and Contributions	122.7	-	122.7	167.90	(45.2)
External Borrowing	-	-	-	-	-
<b>Total</b>	<b>295.6</b>	<b>92.8</b>	<b>388.4</b>	<b>569.1</b>	<b>(180.7)</b>

**Detailed position- by Fund****City Fund****Revenue**

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

**Table 4: City Fund 2024-25 Revenue Outturn by Committee**

Net Expenditure (Income)	Net Bud £m	Provisional Outturn £m	Var £m	Local Risk £m	Central Risk £m	Support Services £m
				Variation (Better)/Worse		
Barbican Centre	29.7	34.0	4.3	2.1	0.5	1.7
Barbican Residential	4.1	1.5	(2.6)	(0.8)	(1.3)	(0.5)
Community and Children's Services	19.0	19.6	0.6	0.2	0.4	0.0
Culture Heritage and Libraries	22.6	22.6	0	0	0.1	(0.1)
Finance	(8.6)	(34.1)	(25.5)	0.5	(24.6)	(1.4)
Licensing	0.4	0.3	(0.1)	0.0	0.0	0.1
Markets	0.3	(0.6)	(0.9)	0.0	(0.3)	(0.6)
Open Spaces	2.3	2.6	0.3	0.3	0.0	0.0
Planning and Transportation	19.3	16.7	(2.6)	(2.6)	0.9	(0.9)
Police	116.3	116.2	(0.1)	0.1	(0.4)	0.2
Police Authority Board	1.0	0.8	(0.2)	(0.2)	0.0	0.0
Policy and Resources	8.8	9.0	0.2	(0.1)	0.1	0.2
Port Health and Environmental Services	17.7	20.3	2.6	1.5	0.0	1.2
Property Investments	(34.5)	(33.9)	0.6	0.2	0.4	(0.1)
<b>City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.</b>	<b>198.4</b>	<b>175.0</b>	<b>(23.4)</b>	<b>1.2</b>	<b>(24.2)</b>	<b>(0.4)</b>

8. The key variations contributing to the £23.4m better than budget position are:

- a. **Finance** Interest received on cash balances exceeded the budget by £19.4m largely due to the rephasing of capital and major project expenditure. In addition, adjustments were required in relation to accounting for the new IFRS16 leases requirement, these new accounting standard has resulted in previously operating (revenue) leases now being converted into assets on the balance sheets. This has resulted in some capital charges on the revenue including financing and depreciation.
- b. **Barbican Residential:** Repairs & Maintenance works were not as high as budgeted due to projects being delayed or paused as a result of internal resourcing constraints. In addition, there was slippage in several Supplementary Revenue Projects (SRP) which will now commence in 2025/26.
- c. **Markets:** Capital recharges were £0.7m less than budgeted resulting in a favorable variance.
- d. **Planning & Transportation:** Mainly due to staff vacancies, additional income from road closures, hoarding & scaffolding

fees, pipe subway opening admin fees, planning fees, planning performance agreements and building control fees. This was partly offset by an increase in Highways Repairs & Maintenance costs.

These underspends were offset by a number of overspends, in particular:

- e. **Barbican Centre:** As reported throughout the year, the CEO of Barbican Centre has faced a number of unforeseen pressures, most significantly the increased costs of the building due to its current condition pre renewal. This was circa £0.5m of additional unbudgeted spend. Additional costs pressures were seen on salaries, from maternity cover, support for vacancies in key senior roles along with increased pension costs for casual workers. Whilst income was strong there were some material downsides especially in visual arts, these were in line with the lower attendance levels seen across the visual arts sector.
- f. **Port Health and Environmental Services Committee:** Increased capital and charges from Walbrook Wharf depot have contributed to this adverse variance. There was also a reduction in the transfer from the On Street Parking Reserve as the chief officer was able to replace the use of reserves with saving from other service areas under her control (underspend on P&T). There were increased costs of implementing Port Health controls on EU food and feed imports (£1.965m) during the year, however this was fully offset by additional income.
- g. It should be noted that the Police operates as a ring-fenced fund and therefore any outturn variances are able to be absorbed within the Force's own reserve balances.

## Capital

- 9. The provisional City Fund Capital outturn position against the final budget for each Chief Officer department is shown in Table 5 below.

**Table 5: City Fund Capital Expenditure by Chief Officer**

CAPITAL PROGRAMME - CITY FUND	Budget £'m	Outturn £'m	Variance £'m
<b>CAPITAL &amp; SRP - BAU</b>			
Barbican Centre	7.3	1.7	(5.6)
Chamberlains & Chief Financial Officer	13.9	6.4	(7.5)
City Surveyor & Property	38.9	9.8	(29.1)
Community & Children's Services (Non HRA)	14.8	1.6	(13.2)
Community Services - HRA	65.2	46.9	(18.3)
City of London Police	13.4	10.6	(2.8)
Environment	27.2	16.8	(10.4)
<b>Sub-Total</b>	<b>180.7</b>	<b>93.8</b>	<b>(86.9)</b>
<b>CAPITAL &amp; SRP - MAJOR PROJECTS</b>			
Barbican Renewal	6.3	8.0	1.7
FPEP	15.7	5.0	(10.7)
London Wall West	0.1	0.0	(0.1)
Museum of London	130.5	100.3	(30.2)
Salisbury Square	113.2	88.5	(24.7)
<b>Sub-Total</b>	<b>265.8</b>	<b>201.8</b>	<b>(64.0)</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>446.5</b>	<b>295.6</b>	<b>(150.9)</b>

10. The main items of slippage within the BAU programme:

- a. There is significant slippage identified against **City Surveyor & Property** (£29.1m), **HRA** (£18.3m) and **Community & Children's Services - Non HRA**(£11.4m).
  - Within City Surveyor the main area of slippage relates to the relocation of the funding from the refurbishments of 15-17 Eldon Street and 6 Broad Street Place which will now not go ahead, to the various schemes it will be used for going forward. The funds will be profiled into the correct financial year based on the latest forecasts for the schemes to be funded.to the various schemes it will be used for going forward. The slippage needs to be profiled into the correct financial year based on the latest forecasts.
  - The main reason for the variance in the HRA is the delays against predicted phasing of new build projects York Way, this relates to £17m of the £18.3m slippage with remaining amount on a variety of schemes across the service. It is understood that this slippage will not delay the anticipated completion date for bringing new units on stream, earning much needed rental income for the Housing Revenue Account. The HRA is a statutory ringfenced account and all slippage for planned schemes will be incorporated as part of the continued review of phasing within the 30-year business plan.

- The £11.4m underspend in Community and Children's Service is owing to the Barbican estate schemes such as fire door replacement and tower lifts refurbishment schemes not progressing as forecasted, these budgets are still required and as such will be re-profiled into future years.
- b. Other chief officer departments with significant variances, include:
- **City of London Police** with an aggregated £2.8m slippage, primarily relating to slight delays in project progression
  - **Environment** – The £10.4m slippage is across a range of S106/ S278 schemes, in addition there is slippage on large schemes such as Secure City £1.5m and £1.2m on West Smithfield Area Schemes.
  - **Barbican Centre** £5.6m slippage relates to the Barbican fire works there has been some delays due to the coordination now with the Barbican renewal projects.
  - **Chamberlains & Chief Financial Officer** £7.5m slippage is primarily due to phasing on corporate projects, primarily programme SAPhire (ERP) and the Network refresh project, there is a budget set aside for City Fund's portion of these. It should be noted that these programmes are still on track.

11. The main items of slippage within the Major Projects programme:

- There was slippage against both the **Museum of London** (£30.2m) and **Salisbury Square Development** (£24.7m) both owing to delays in construction. The Slippage on the **FPEP** project is due to various items such as a lack of site availability for the mounted unit and procurement delays. The Major Projects Programme is being closely monitored and reported to this committee on a monthly basis.

### City's Estate

#### **Revenue**

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

**Table 6: City's Estate 2024/25 Revenue Outturn by Committee**

Net Expenditure (Income)	Net Bud £m	Outturn £m	Var £m	Local Risk £m	Central Risk £m	Support Services £m
					<b>Variation (Better)/Worse</b>	
Culture, Heritage & Libraries	0.8	1.0	<b>0.2</b>	0.2	0.0	0.0
Education Board	3.2	3.2	<b>0.0</b>	0.0	0.0	0.0
Finance	53.1	45.3	<b>(7.8)</b>	0.6	<b>(8.4)</b>	<b>0.0</b>
G. P. Committee of Aldermen	5.3	6.2	<b>0.9</b>	0.7	0.2	0.0
Guildhall School of Music and Drama	17.5	20.9	<b>3.4</b>	3.3	0.1	<b>0.0</b>
Markets	0.9	1.9	<b>1.0</b>	0.1	1.0	<b>(0.1)</b>
Open Spaces: -						
Open Spaces Directorate	0.5	0.5	<b>0.0</b>	<b>(0.1)</b>	0.0	<b>0.1</b>
Epping Forest and Commons	11.1	11.4	<b>0.3</b>	0.3	0.1	<b>(0.1)</b>
Hampstead, Queen's Park and Highgate	6.9	8.7	<b>1.8</b>	0.5	1.3	<b>(0.1)</b>
Bunhill Fields	0.3	0.4	<b>0.1</b>	0.0	0.0	0.0
West Ham Park	1.3	1.5	<b>0.2</b>	0.1	0.1	0.0
Policy and Resources	24.2	21.7	<b>(2.5)</b>	<b>(0.1)</b>	<b>(2.0)</b>	<b>(0.3)</b>
Property Investment	<b>(51.4)</b>	<b>(52.6)</b>	<b>(1.2)</b>	<b>(0.2)</b>	<b>(1.3)</b>	<b>0.3</b>
Schools: -						
City of London School	1.6	1.8	<b>0.2</b>	<b>(0.8)</b>	1.0	0.0
City of London Freeman's School	0.6	<b>(1.7)</b>	<b>(2.3)</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>(1.0)</b>
City of London School for Girls	1.5	1.3	<b>(0.2)</b>	<b>(0.3)</b>	0.1	0.0
City of London Junior School	<b>(0.3)</b>	0.0	<b>0.3</b>	0.2	0.0	0.1
<b>Deficit/(Surplus) from (to) reserves</b>	<b>77.1</b>	<b>71.5</b>	<b>(5.6)</b>	<b>3.7</b>	<b>(8.1)</b>	<b>(1.2)</b>

13. The key variations contributing to the £5.6m better than budget position are:

- a. **Finance** – Net additional investment income of £4.3m contributed to this favourable position. The net investment income comprises £8.4m additional charge on cash balances offset by dividend income £12.7m over and above budget. Unbudgeted survey works and security costs were incurred at the Mansion House along with claw back of previous year's deficit which was not achieved during the year through savings. These pressures were highlighted at Court of Common Council under the 2025/26 budget setting process, and measures are being put in place to address the budget gap for 2025/26 and onwards.
- b. **Policy and Resources** - less than budgeted costs on climate action of £1.9m due to delays in appointing sufficient resources to manage the programme, make up the majority of this favorable variance.
- c. **Property Investments** – Reflects better service charge recovery than anticipated, in addition to an underspend on professional fees

and security partly offset by overspendings on energy costs.

- d. **Guildhall School of Music & Drama** – whilst there has been significant progress in driving strategic change (e.g. the move to the North Wing and the end of the buildings alliance with the Barbican Centre, introduction of a new recruitment approvals process, due to the home fee freeze, the underpinning challenge for the school has been its ability to cover cost inflation through the income it generates. Had tuition fees kept pace with inflation, the school would be generating c.£2.8m more of income to its bottom line. This has resulted in staffing pressures (£1.7m) including overtime/casuals and the non-achievement of the vacancy factor. Premises costs were also overspent by £0.5m due to backlogged/urgent/increased reactive works. There was also a drop in the Office for Students funding, which is being explored, and some old historic debts being written off in year. The school is currently re-working its 5-year financial plan and will be reporting on progress at the September's Efficiency and Performance Working Party.
  - e. **Markets Board** - Overspending at Smithfield Market in 2022/23 was a result of the budget reductions made following the closure of the Poultry Market and the cap on Smithfield service charges. This was partially offset by a reduction in supplies and services across the other markets and the directorate's savings on salaries. The 2023/24 budget has been adjusted to include allowance for those services still required to run the market following the Poultry closure, and the effect on the cap on service charges not being inflated under the lease in past years.
  - f. **Hampstead, Queen Park and Highgate Wood** – Decrease in central risk investment income of £1.098m was due to the initial budget target calculated on a set inflexible formula which calculates the maximum contribution (as laid out in the London Government Reorganisation Order 1989) available to transfer to the Hampstead Heath Trust Fund each. To mitigate this problem reoccurring, we have reviewed the basis of the budget setting process for the upcoming 2023/24 estimates in conjunction with Comptrollers & City Solicitors Department. The shortfall was offset by increased deficit funding from City's Estate reserves to meet the total net expenditure of the Hampstead Heath charity for 2023/24. The Natural Environment Charity Review are working to transform the financial sustainability of these charities with the move to a grant funding model, for local risk, to commence from 2025/26.
14. It should be noted that all four City of London Schools operate as ring-fenced funds and therefore any outturn variances are absorbed within their own reserve balances.



## Capital

The provisional City Estate Capital outturn position against the final budget for each Chief Officer department is shown in Table 7 below.

**Table 7: City Estate Capital Expenditure by Chief Officer**

CAPITAL PROGRAMME - CITY'S ESTATE	Budget £m	Outturn £m	Variance £m
<b>CAPITAL &amp; SRP - BAU</b>			
Chamberlains & Chief Financial Officer	30.1	0.4	(29.7)
City of London Freeman's School	0.8	0.7	(0.1)
City of London School	0.3	6.0	5.7
City of London School for Girls	3.7	5.5	1.8
City Surveyor & Property	13.4	27.0	13.6
Community & Children's Services (Non HRA)	0.3	-	(0.3)
Environment	3.1	1.3	(1.8)
Principal GSMD	1.8	0.2	(1.6)
<b>Sub-Total</b>	<b>53.5</b>	<b>41.1</b>	<b>(12.4)</b>
<b>CAPITAL &amp; SRP - MAJOR PROJECTS</b>			
Museum of London	23.8	16.3	(7.5)
City Fund (Combined Courts)	45.3	35.4	(9.9)
<b>Sub-Total</b>	<b>69.1</b>	<b>51.7</b>	<b>(17.4)</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>122.60</b>	<b>92.80</b>	<b>(29.8)</b>

15. The main area of variance relates to:

- g. **City Surveyor & Property** overspend is due to an Asset swap between The Courtyard and 95-96 New bond street that had to be put through the capital programme for accounting purposes which equivalent to the non-cash element of £18m, this was offset by an equivalent £18m entry on the capital receipts.
- h. **Chamberlains & Chief Financial Officer** slippage of £29.7m is due to external payments of £25m that need to be reprofiled into future years. In addition, the corporate projects such ERP and Future Network Programme did not spend as anticipated with slippage of £4.5m. The expenditure is also reduced by the corporate recharge to City Fund and City Bridge Foundation.
- i. **The City of London Girls School** is showing an in-year overspend of £5.7m due to spending progressing quicker than originally forecasted. There is budget in future years that offsets this.

### Major Projects:

- **Museum of London** –some programme slippage due to Landlord works not progressing as originally intended.

- **City Fund (Combined Courts)** – This City Estate contribution to Salisbury Square on City Estate is a percentage of overall spend on that project, so slippage is reflected in this contribution.

### **Additional information**

16. In addition to reporting by Committee, the position of each Chief Officer is reported, and these are shown in appendix 1 with respect to the overall position of each fund by Chief Officer, and appendix 2 which reflect the outturn of each Chief Officer against their local risk budget, which is the element directly under their control.
17. Financial regulations also delegate authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub Committee (RASC) to carry forward unspent funds into the following financial year where a Chief Officer local risk budget is underspent. The meeting is scheduled for early July and the outcome will be communicated to Chief Officers.
18. Finance Regulations state that Chief Officer local risk overspends are to be carried forward and recovered in the following financial year (except where special provisions apply e.g. ring-fenced funds). However, under exceptional circumstances the Chamberlain, in consultation with the Chair and Deputy Chairman of Resource Allocation Sub Committee may recommend that these overspends are not carried forward in full. This will be discussed alongside the carry forward bids.

### **Conclusion**

19. The provisional outturn for the year an underspend of £29m across both City Fund (£23.4m) and City's Estate (£5.6m). The Chamberlain, in consultation with the Chairman and Deputy Chairman of RASC will review the carry forward requests next month and decisions will be communication to Chief Officers. Any overspends recommended to be written off will be brought back for approval by Finance Committee in accordance with regulations.
20. The 2024/25 position is subject to audit review so remains provisional until that process has been completed. The final position will be confirmed to Finance Committee as part of the accounts sign off process.

### **Appendices**

- Appendix 1 – 2024/25 Outturn by Chief Officer (all risks)
- Appendix 2 – 2024/25 Local Risk Outturn by Chief Officer

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## Appendix 1 – 2024/25 Outturn by Chief Officer (all risks)

Chief Officer Total Outturn	Budget £'000	Provisional Outturn £'000	Variance £'000
<b>City Fund</b>			
Chief Financial Officer and Chamberlain	16,567	42,994	26,427
Chief Executive and Town Clerk	(21,568)	(21,536)	32
Executive Director Comms and external affairs	(1,818)	(1,914)	(96)
City Surveyor (Including CWP)	21,217	21,439	222
Commissioner of Police	(116,281)	(116,226)	55
Executive Director Community and Children's Services excluding HRA	(26,961)	(25,083)	1,878
Executive Director Environment	(39,040)	(39,794)	(754)
Executive Director Innovation and Growth	(2,434)	(2,329)	105
Managing Director Barbican Centre	(28,012)	(32,682)	(4,670)
<b>Total City Fund</b>	<b>(198,330)</b>	<b>(175,131)</b>	<b>23,199</b>
<b>City's Estate</b>			
Chief Financial Officer and Chamberlain	(43,289)	(34,605)	8,684
Chief Executive and Town Clerk	(13,768)	(13,577)	191
Executive Director Comms and external affairs	(2,232)	(2,068)	164
City Surveyor	37,675	36,666	(1,009)
Executive Director Community and Children's Services excluding HRA	(3,238)	(3,263)	(25)
Executive Director Environment	(15,667)	(17,076)	(1,409)
Executive Director Innovation and Growth	(7,330)	(7,452)	(122)
Principal Guildhall School of Music and Drama	(16,509)	(19,839)	(3,330)
Remembrancer	(9,293)	(8,835)	458
Head City of London Boys School	(1,601)	(1,803)	(202)
Head City of London Freeman's School	(576)	1,735	2,311
Head City of London School for Girls	(1,491)	(1,328)	163
Head City of London Junior School	311	(7)	(318)
<b>Total City's Estate</b>	<b>(77,008)</b>	<b>(71,452)</b>	<b>5,556</b>
<b>Guildhall Admin</b>			
Chief Financial Officer and Chamberlain	(44,098)	(41,580)	2,518
Chief Executive and Town Clerk	(5,961)	(5,484)	477
Executive Director Comms and external affairs	-	-	-
City Surveyor	(22,799)	(23,276)	(477)
Comptroller and City Solicitor	(1,577)	(2,513)	(936)
Remembrancer	(360)	1,171	1,531
Chief Strategy Officer	(1,674)	(1,487)	187
Chief People Officer	(6,272)	(7,069)	(797)
<b>Total Guildhall Administration</b>	<b>(82,741)</b>	<b>(80,238)</b>	<b>2,503</b>
Reapportionment of Guildhall Admin (Recharges)	82,741	80,238	(2,503)
<b>Grand Totals</b>	<b>(275,338)</b>	<b>(246,583)</b>	<b>28,755</b>

## Appendix 2 - 2024/25 Local Risk Outturn by Chief Officer

Chief Officer Cash Limited Budgets (excluding Cyclial works programme)	Budget £'000	Provisional Outturn £'000	Variance Under / (over) £'000
<b>City Fund</b>			
Chief Financial Officer and Chamberlain	(1,966)	(1,986)	(20)
Chief Executive and Town Clerk	(7,253)	(6,912)	341
Executive Director of Corporate Communications & External Affairs	(2,556)	(2,625)	(69)
City Surveyor	(5,386)	(5,548)	(162)
Executive Director Community and Children's Services excluding HRA	(17,263)	(16,664)	599
Executive Director Environment	(27,967)	(27,530)	437
Executive Director Innovation and Growth	(6,194)	(6,186)	8
Managing Director Barbican Centre	(20,101)	(22,572)	(2,471)
<b>Total City Fund (excluding Police)</b>	<b>(88,686)</b>	<b>(90,023)</b>	<b>(1,337)</b>
<b>City's Estate</b>			
Chief Financial Officer and Chamberlain	(141)	(20)	121
Chief Executive and Town Clerk	(3,660)	(4,986)	(1,326)
City Surveyor	(17,467)	(17,712)	(245)
Executive Director Community and Children's Services excluding HRA	(894)	(897)	(3)
Executive Director Environment	(12,888)	(12,803)	85
Principal Guildhall School of Music and Drama	(11,499)	(14,726)	(3,227)
Remembrancer	(1,633)	(1,628)	5
Head City of London Boys School	(813)	(58)	755
Head City of London Freeman's School	1,250	2,075	825
Head City of London School for Girls	(845)	(547)	298
Head City of London Junior School	344	116	(228)
<b>Total City's Estate</b>	<b>(48,246)</b>	<b>(51,186)</b>	<b>(2,940)</b>
<b>Guildhall Admin</b>			
Chief Financial Officer and Chamberlain	(23,830)	(23,429)	401
Chief Executive and Town Clerk	(4,386)	(4,211)	175
Chief Strategy Officer	(1,554)	(1,447)	107
Chief People Officer	(4,830)	(5,632)	(802)
City Surveyor	(8,296)	(8,151)	145
Comptroller and City Solicitor	(1,873)	(2,608)	(735)
Remembrancer	(67)	1,008	1,075
<b>Total Guildhall Administration</b>	<b>(44,836)</b>	<b>(44,470)</b>	<b>366</b>
<b>Grand Totals (excluding Police)</b>	<b>(181,768)</b>	<b>(185,679)</b>	<b>(3,911)</b>
Commissioner of Police	(112,897)	(112,985)	(88)
<b>Grand Totals</b>	<b>(294,665)</b>	<b>(298,664)</b>	<b>(3,999)</b>

<b>Committee(s):</b> Finance Committee – For Information	<b>Dated:</b> 1 <sup>st</sup> July 2025
<b>Subject:</b>  Revenue Outturn 2024/25 – Finance Committee Operational Services	<b>Public report:</b>  For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> <li>• provides business enabling functions</li> </ul>	
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain; The Town Clerk; The City Surveyor; The Remembrancer; and Director of Community and Children's Services	
<b>Report author:</b> Dawit Araya, Finance Business Partner, Chamberlain's Department	

## Summary

This report presents a comparison between the 2024/25 revenue outturn for the services managed by your Committee and the budget for the year. It also includes details of the carry forward requests that have been submitted for consideration.

The budget for 2024/25 was set at £66.2m, reflecting an increase of £8.9 m (15%) from the initial budget of £57.3m. Appendix 1 provides a detailed breakdown of the main variations.

The total net expenditure on operational services managed by your committee was £66.3m, which is an overspend of £128,000 or 0.2%, compared to the budget of £66.2m. This comprised an underspending on local risk budgets of £801,000 and overspending on central risk budgets of £847,000 and a net overspending of £82,000 on Cyclical Works Programme (CWP) and Capital and Support Services recharges.

Appendix 3 compares in detail local risk outturn against the 2024/25 budget for each Chief Officer by division of service, including explanations of significant variations. Appendix 4 does the same for the central risk outturn.

A detailed review of local risk underspending reveals that the Chamberlain was £446,000 underspent due to staff vacancies and additional income and the Remembrancer was underspent by £1.073m mainly due to additional event income. Both have requested carry-forwards which total £508,000. These are detailed in Appendix 2. The City Surveyor had a minor underspending of £57,000 for the year, but has made no carry-forward request.

The Town Clerk was overspent by £758,000 principally at Mansion House largely due to additional security costs, some extra costs for building surveys for future works and some unrealised savings targets. On investigation it was felt that that budget allocation for 2024/25 for Mansion

House was insufficient and for 2025/26 it has been agreed that the budget will be uplifted to cover the identified shortfall pending a full zero-based budget exercise to inform budget setting for the Mansion House going forward.

## Recommendations

Members are asked to note:

- the 2024/25 revenue outturn which reveals a net £128,000 unfavorable variance from the budget.
- The proposed local risk carry-forwards totaling £508,000 to the fiscal year 2025/26.

## Main Report

### Budget Position for 2024/25

- The 2024/25 initial budget for services was £57.3m. This later increased to £66.2m to form the 2024/25 budget. The £8.9m increase is detailed below and by Chief Officer in Appendix 1.

<b>Table-1 Summary of Movements from Initial Budget to Budget 2024/25</b>	<b>Net £000</b>
<b>Initial Budget 2024/25</b>	<b>(57,346)</b>
Changes in the timing of cyclical repairs and maintenance works programme	(3,767)
Budget Transfer from other Committee to Commercial, change & Portfolio Delivery following the new structure	(1,794)
Contingency Allocations	(1,639)
Supplementary Revenue Projects and budget adjustments	(1,446)
Carry Forwards 2023-24 to 2024-25	(677)
Net movements including pay award, energy & contract inflation, apprentice funding and other minor changes	(497)
Reduction in Recharge Budgets	944
<b>Budget 2024/25</b>	<b>(66,222)</b>
Expenditure and unfavourable variances are presented in brackets.	

\*These variations are either approved within Chamberlain's delegations or by committee/court during the 24/25 budget setting process

### Revenue Outturn for 2024/25

- The actual net expenditure for operational services overseen by your committee was £66.3m, £128,000 more than the budget of £66.2m. Below is a summary comparison with the budget.

<b>Summary comparison of 2024-25 Revenue Outturn with Budget 2024/25</b>			
	<b>Budget 2024/25</b>	<b>Revenue Outturn £000</b>	<b>Variation Better / (Worse) £000</b>
<b>Direct Net Expenditure (local and central risk)</b>			
The Chamberlain	(36,610)	(36,248)	362
The Town Clerk	(2,852)	(3,991)	(1,139)
The City Surveyor	(16,432)	(16,756)	(324)
The Remembrancer	(259)	814	1,073
Director of Community and Children's Services	(65)	(83)	(18)
<b>Total Direct Net Expenditure</b>	<b>(56,218)</b>	<b>(56,264)</b>	<b>(46)</b>
Cyclical Works Programme	<b>(4,406)</b>	<b>(5,085)</b>	<b>(679)</b>
Capital and Support Services' Recharges	<b>(5,598)</b>	<b>(5,001)</b>	<b>597</b>
<b>Total Net Expenditure</b>	<b>(66,222)</b>	<b>(66,350)</b>	<b>(128)</b>

Expenditure and unfavourable variances are presented in brackets.

The total net overspend is £128,000 and the primary variations are as follows:

- Chamberlain's - £362,000 net expenditure decreased due to saving from vacant posts.
- Town Clerk – £1.139m higher net expenditure principally due security costs, some extra costs for building surveys for future works and some unrealized savings targets at Mansion House and to additional AV costs, electoral costs, and a number of other administrative items. It was felt the budget for Mansion House was insufficient in 2024/25 and this has been uplifted for 2025/26 pending a detailed budget review.
- City Surveyor - net expenditure increased by £324,000, primarily due to increased rates and reduced rental income.
- Remembrancer - net expenditure decreased by £1.073m due to higher event income, savings from vacant posts, and equipment costs.
- Director of Community & Children's Services – the £18,000 overspending relates to the additional cost of maintenance works on the Gresham almshouses
- Cyclical Works Programme (CWP) – increased expenditure on services covered by this committee of £679,000, particularly at the Guildhall Hall, due to a change in phasing of CWP projects and utilisation of savings from completed projects within the overall plan. In 2024/25 the overall CWP programme, across the City, was within budget. The overall outturn for the CWP is reported to Resource Allocation Sub-Committee.
- Capital and Support Service Recharges – reduction in net expenditure of £597,000. This variance primarily relates to the Guildhall complex where the provision for repayment of the City Fund notional loan for the 1950s Guildhall Reconstruction Project was no longer required as it has now been fully repaid. This provision has been removed for the 2025/26 budget.

Appendix 3 and Appendix 4 provide a detailed analysis of the variances over £50,000 in local and central risk budgets by chief officer and division of service.

### **Carry Forwards to 2024/25**

3. The Chamberlain and the Remembrancer have requested budget carry-forwards totaling £508,000 in respect of your committee. The details of these are shown in Appendix 2.

### **Appendices:**

Appendix 1 – Assessment of Financial Changes from Initial Budget to Budget 2024/25

Appendix 2 – Proposed Carry Forwards to 2025/26

Appendix 3 – Comparison of 2024/25 Revenue Outturn with the Budget and commentaries for Local Risk

Appendix 4 – Comparison of 2024/25 Revenue Outturn with the Budget and commentaries for Central Risk

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**Finance Committee Operational Services**  
**Assessment of Financial Changes from Initial to Budget 2024/25**

Review of Changes from 2024/25 Initial Budget to Budget 2024/25	
<b>Local Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Local Risk Initial Budget (Chamberlain)</b>	<b>(14,506)</b>
Contingency Allocation for Natural Environment Charity, Commercial, Change & Portfolio Delivery & Backdate Agency Cost	(1,340)
Budget Transfer from other Committee to Commercial following the new structure	(1,110)
Carry Forwards 2023-24 to 2024-25 - FSD & Cost of Collection Transformation	(317)
2024 Pay Award, apprentice funding and income from London Councils	(192)
<b>Local Risk Budget 2024/25 (Chamberlain)</b>	<b>(17,465)</b>
<b>Local Risk Initial Budget (Town Clerk)</b>	<b>(1,394)</b>
Change in Surveyor's Repairs & Maintenance, Cleaning & Security budget	(576)
Pay Award 2024	98
<b>Local Risk Budget 2024/25 (Town Clerk)</b>	<b>(1,872)</b>
<b>Local Risk Initial Budget (City Surveyor)</b>	<b>(10,702)</b>
Changes in Surveyor's Repairs & Maintenance budget	(3,191)
Pay Award 2024, Vacancy Allowance & Energy & Contract inflation budget uplift	(385)
Contingency Allocation for Backdate Agency Cost	(2)
Carry Forwards deficit-CS	40
<b>Local Risk Budget 2024/25 (City Surveyor)</b>	<b>(14,240)</b>
<b>Local Risk Initial Budget (Remembrancer)</b>	<b>351</b>
Carry Forwards from 23-24	(400)
2024 Pay Award & apprentice funding	(18)
<b>Local Risk Budget 2024/25 (Remembrancer)</b>	<b>(67)</b>
<b>Total Local Risk Final Budget</b>	<b>(33,644)</b>

These variations are either approved within Chamberlain's delegations or by committee/court during the 24/25 budget setting process  
Review of Changes from 2024/25 Initial Budget to Budget 2024/25 (continued overleaf)



<b>Central Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Central Risk Initial Budget (Chamberlain)</b>	<b>(18,461)</b>
Virement following restructuring of Commercial, Change & Portfolio Delivery restructuring	(684)
<b>Central Risk Budget 2024/25 (Chamberlain)</b>	<b>(19,145)</b>
<b>Central Risk Initial Budget (Town Clerk)</b>	<b>(683)</b>
Contingency RASC away day, Summer event & lunch	(297)
<b>Central Risk Budget 2024/25 (Town Clerk)</b>	<b>(980)</b>
<b>Central Risk Initial Budget (City Surveyor)</b>	<b>(5,152)</b>
Increase in Supplementary Revenue Projects	(1,446)
<b>Central Risk Budget 2024/25 (City Surveyor)</b>	<b>(6,598)</b>
<b>Central Risk Budget 2024/25 (Remembrancer)</b>	<b>(192)</b>
<b>Central Risk Budget 2024/25 (Director of Community and Children's Services)</b>	<b>(65)</b>
<b>Total Central Risk Budget 2024/25</b>	<b>(26,980)</b>
<b>Capital and Support Services Initial Budget</b>	<b>(6,542)</b>
Net movement in central recharges	944
<b>Capital and Support Services Budget 2024/25</b>	<b>(5,598)</b>
<b>TOTAL 2024/25 INITIAL BUDGET</b>	<b>(57,346)</b>
<b>MOVEMENT</b>	<b>(8,876)</b>
<b>TOTAL BUDGET 2024/25</b>	<b>(66,222)</b>
Figures in brackets indicate expenditure, increase in expenditure or decreases in income.	

These variations are either approved within Chamberlain's delegations or by committee/court during the 24/25 budget setting process

Requests For Budget to Be Carried Foreward From 2024/25 to 2025/26	
	Requested Carry Forward To 2025-26 £000
<i>Chamberlain's Department</i>	
<b>Internal Audit</b> - required for 3rd party/co-sourced internal audit resource to support delivery of the Internal Audit Plan. This is work not completed in 2024/25 and work that requires 3rd party provision to preserve independence.	20
<b>Chamberlain's Commercial Team</b> - To fund the ongoing need for the portfolio management implementation team in order to support the launch of the new governance framework post-recess	198
<b>Total Chief Financial Officer and Chamberlain</b>	<b>218</b>
<i>Remembrancer's Department</i>	
<b>Guildhall Functions</b> - Replacement AV in Guildhall event spaces to ensure high level commercial events and City uses can be delivered to ensure facilities remain fit for purpose and competitive when attracting commercial clients.	190
<b>Parliamentary</b> - £100k is requested to fund the City Corporation's ongoing partnership with the Standing International Forum of Commercial Courts (SIFoCC) in 2025/26.	100
<b>Total Remembrancer</b>	<b>290</b>
<b>Total</b>	<b>508</b>

### Note of Carry-Forward Rules

Financial Regulation 2.16 provides that any surpluses on a department's local risk budgets may be carried forward provided that these do not include any fortuitous savings outside the control of the Chief Officer and are carried forward for a specific purpose. The cumulative underspending which is to be carried forward is limited to 10% of the Chief Officer's local risk budget, up to a general maximum of £500,000 or £1,000,000 in the case of the City Surveyor. Carry-forward bids are agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub (Policy and Resources) Committee (RASC). Any deficit on the total of a Chief Officer's local risk budget is required to be carried forward and recovered from within the department's budget allocation for the following year unless specifically waived directly by the Finance Committee.

## Finance Committee Operational Services

### Comparison of 2024/25 Revenue Outturn with Budget 2024/25 for Local Risk

Comparison of 2024/25 Revenue Outturn with Budget 2024/25- Local Risk				
Local Risk	Budget 2024/25 £000	Revenue Outturn £000	Variation Better / (Worse) £000	Notes
<b>By Chief Officer</b>				
<b>Local Risk</b>				
The Chamberlain	(17,465)	(17,019)	446	
The Town Clerk	(1,872)	(2,630)	(758)	
The City Surveyor	(9,834)	(9,777)	57	
The Remembrancer	(67)	989	1,056	
<b>Total Local Risk</b>	<b>(29,238)</b>	<b>(28,437)</b>	<b>801</b>	
<b>By Division of Service</b>				
Chamberlain's - General	(9,427)	(9,460)	(33)	
Chamberlain's - Internal Audit	(747)	(769)	(22)	
Chamberlain's - Business Support	(1,149)	(788)	361	i
Chamberlain's - Commercial	(4,075)	(3,877)	198	ii
Chamberlain's Court	(140)	(38)	102	iii
Chamberlain's - Cost of Collection	(1,927)	(2,087)	(160)	iv
Town Clerk - Corporate Services	(35)	(43)	(8)	
City Surveyor - Central Criminal Court	(479)	(559)	(80)	v
Town Clerk - Shrieval Support	(313)	(357)	(44)	
Town Clerk - Mansion House Premises	(1,524)	(2,230)	(706)	vi
City Surveyor - Mayor's Court	(39)	(40)	(1)	
City Surveyor - Walbrook Wharf	(1,020)	(1,027)	(7)	vii
City Surveyor - Guildhall Complex	(8,296)	(8,151)	145	viii
Remembrancer - Guildhall Complex	(67)	1,008	1,075	ix
Remembrancer - Corporate Services	0	(19)	(19)	
<b>Division of Service Totals</b>	<b>(29,238)</b>	<b>(28,437)</b>	<b>801</b>	

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

The local risk favorable variance of £801,000 compared to the budget primarily consists of:

- i **Chamberlain's Business Support reported an underspend of £361,000**, primarily due to vacant posts, including those transferred from the Chief Operating Officer and reallocated in 2025/26, and lower-than-anticipated training budget requirements.
- ii **Chamberlain - Commercial Team £198,000 underspend** –savings on salaries due to not being able to fill key roles within the commercial team. These positions are being

recruited over the next few months with a focus on bolstering internal capacity and capabilities to effectively manage change and focus on organisational preparedness for change.

- iii **Chamberlain's Court £102,000 underspend** - Underspending principally relates to increased income from Freedom ceremonies due to increased activity and charges.
- iv **Chamberlain - Cost of Collection £160,000 overspend** – mainly due to offsite processing costs for NNDR, partially balanced by recovered income from NNDR and Council Tax legal costs, salary savings from staff vacancies, and additional third-party cost recovery.
- v **City Surveyor - Central Criminal Court £80,000 overspend** – Mainly due to Increased salary, energy and repairs and maintenance costs.
- vi **Town Clerk - Mansion House Premises £706,000 overspend** – is principally due to additional security costs, some extra costs for building surveys for future works and unrealised savings targets. On investigation it was felt that budget allocation for 2024/25 was insufficient and for 2025/26 it has been agreed that the budget will be uplifted to cover the shortfall pending a full zero based budget exercise to inform Mansion House budget setting going forward.
- vii **City Surveyor - Guildhall Complex- City Surveyor £145,000 underspend** – due to less reactive repairs and maintenance works than anticipated and savings on equipment, furniture and materials budgets due to lower requirements.
- viii **Remembrancer - Guildhall Complex- Remembrancer £1.075m underspend** - The underspend is primarily attributed to increased income from hosting larger and more events in 2024/25, savings from a staff vacancy, transportation savings, and slippage on the AV upgrade project.

**Finance Committee Operational Services**  
**Comparison of 2024/25 Revenue Outturn with Budget 2024/25 For Central Risk**

<b>Comparison of 2024/25 Revenue Outturn with Budget 2024/25 - Central Risk</b>				
<b>Central Risk</b>	<b>Budget 2024/25 £000</b>	<b>Revenue Outturn £000</b>	<b>Variation Better / (Worse) £000</b>	<b>Notes</b>
<b>By Chief Officer</b>				
<b>Central Risk</b>				
The Chamberlain	(19,145)	(19,229)	(84)	
The Town Clerk	(980)	(1,361)	(381)	
The City Surveyor	(6,598)	(6,979)	(381)	
The Remembrancer	(192)	(175)	17	
Director of Community and Children's Services	(65)	(83)	(18)	
<b>Total Central Risk</b>	<b>(26,980)</b>	<b>(27,827)</b>	<b>(847)</b>	
<b>By Division of Service</b>				
Chamberlain's - General	(19,495)	(17,807)	1,688	i
Chamberlain's - City Moiety	315	331	16	
Chamberlain's - Discretionary Expenditure	(763)	(756)	7	
Chamberlain's - Business Support	0	(215)	(215)	ii
Chamberlain's - Commercial	(684)	(571)	113	iii
Chamberlain's - Cost of Collection	1,482	(211)	(1,693)	iv
Town Clerk - Corporate Services	(791)	(1,148)	(357)	v
City Surveyor - Central Criminal Court	(952)	(865)	87	vi
Town Clerk - Mansion House Premises	(189)	(213)	(24)	
City Surveyor - Walbrook Wharf	(1,041)	(1,083)	(42)	vii
City Surveyor - Guildhall Complex	(4,605)	(5,031)	(426)	viii
Remembrancer - Guildhall Complex	204	203	(1)	
Remembrancer - Corporate Services	(396)	(378)	18	
Director of Community and Children's Services	(65)	(83)	(18)	
<b>Division of Service Totals</b>	<b>(26,980)</b>	<b>(27,827)</b>	<b>(847)</b>	

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

The Central risk unfavourable variance of £847,000 against the budget principally comprises of:

- i **Chamberlain - General £1.688m underspend** – mainly due to additional income being recognised under Finance Committee due to insufficient information being provided by the payee to allow more detailed coding. Research by City staff is continuing in the new financial year to resolve the matter.
- ii **Chamberlain Business Support £215,000 overspend** – Mainly due to increased WorldPay charges from higher transaction volumes, partially offset by higher interest

receipts from cash balances due to rising interest rates.

- iii **Chamberlain - Commercial £113,000 underspend** – primarily results from additional funding for agency costs to assist with restructuring and interim capacity to deliver strategic change programmes not being fully needed in 2024/25.
- iv **Chamberlain Cost of Collection £1.693m Overspend** - primarily attributed to decreased income from the 2024/25 national non-domestic rates cost of collection allowance.
- v **Town Clerk £357,000 overspend** - This overspend is primarily due to additional AV costs, additional costs in relation to the recent elections, and a number of other administrative items
- vi **City Surveyor Central Criminal Court £87,000 underspend** – primarily due to a successful business rate rebate appeal.
- vii **City Surveyor - Walbrook Wharf £42,000 overspend** – primarily due to higher rates and additional premises costs.
- viii **City Surveyor - Guildhall Complex £426,000 Overspend** – primarily attributed to increased rates and a reduction in rental income for 65a Basinghall Street

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## City of London Corporation Committee Report

<b>Committee(s):</b> Finance Committee – For information	<b>Dated:</b> 01 July 2025
<b>Subject:</b> Chamberlain’s Departmental Risk Management Update	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> </ul>	Providing Excellent Services Flourishing Public Spaces
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£0
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	n/a
<b>Report of:</b>	Caroline Al-Beyerty, Chamberlain
<b>Report author:</b>	Leah Woodlock, Chamberlain’s Department

### Summary

This report updates the Finance Committee on risks faced by the Chamberlain’s department, focusing on Financial Corporate and Departmental risks. Currently, there is one RED risk on the Corporate Risk Register and one RED risk on the Departmental Risk Register under the Chamberlain’s responsibility. The Chamberlain’s Senior Leadership Team and divisional management teams regularly review and update the risk register to identify potential risks and opportunities.

### Recommendation

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 the 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.
2. The Digital Information Technology Service (DITS) as a part of the Chamberlain’s Department risks are reported to the Digital Services Committee for oversight.

3. The Commercial, Change and Portfolio Delivery (CCPD) as a part of the Chamberlain's Department risks are reported to the Projects and Procurement Sub-Committee for oversight.

### **Current Position**

4. The Chamberlain's department currently has one financial RED Corporate Risk and one RED Departmental risk, all risks are regularly reviewed, and several mitigating measures are in place to prevent the realisation of these risks or future risks
5. The risk score for CR35 **Unsustainable Medium-Term Finances – City Fund (current score RED 16)** is unchanged. The June Efficiency and Performance Working Party reviewed the savings update from 2024/25. The Star Chambers are being held to identify costed savings proposals to be included in the 26/27 budget setting process, strategic transformation themes with the potential to move the needle over the medium-term financial strategy and identify the likely investment/capacity required to deliver savings options. The Chamberlain's Assurance Board continues to conduct monthly oversight of the approved major programmes. The 2026/27 budget and MTFP update will be presented to the Resource Allocation Sub Committee on 24<sup>th</sup> June. At this meeting, the committee will have the opportunity to discuss the current financial position and provide guidance on the assumptions informing the 2026/27 budgets.
6. **CHB002 Housing Revenue Account (HRA) Finances** has a risk score of **RED 16** and is unchanged since June. The challenges with the Housing Revenue Account (HRA) are not limited to the City of London. Finance colleagues are collaborating with other local government colleagues, as well as the Ministry of Housing, Communities and Local Government (MHCLG) and the Treasury, to find broader solutions. A HRA-focused star chamber will take place over the summer. An update on the 10-year plan is expected in July.

### **Conclusion**

7. Members are asked to note the actions taken by Chamberlain's Department to manage all risks. Actions aim to continue monitoring and reducing the risk level, which will be reported on at future finance committees.

### **Appendices**

- Appendix 1 – Departmental Risk Register

### **Background Papers**

Chamberlain's Departmental Risk Management Update Reports

### **Leah Woodlock**

Chamberlain's Project Manager

Chamberlain's Department

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<b>Committee:</b> Finance Committee	<b>Date:</b> 1 July 2025
<b>Subject:</b> Report of Action Taken	<b>Public</b>
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	<b>See background papers</b>
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
<b>Report of:</b> Town Clerk	<b>For Information</b>
<b>Report author:</b> John Cater, Governance and Member Services Manager	

## Summary:

This report provides details of delegated decisions taken between Committee meetings.

## Recommendation

Members are asked to note the report.

## Delegated Decisions Under Standing Order 41B

### 1.Procurement for the replacement Pan-London Sexual Health eService (SHL.UK)

At the last Finance Committee meeting (04/06), Members granted Delegated Authority to the Town Clerk, in consultation with the Chairman and Deputy Chair of the Committee to consider the procurement for the replacement Pan-London Sexual Health eService (SHL.UK) once this had been considered and endorsed by the Projects & Procurement Sub-Committee at its meeting on 16th June. This was subsequently approved by PPSC.

## Background

1. London's Sexual Health E-Service is part of the Pan London Sexual Health Programme (LSHP) which aims "to manage and deliver an efficient virtual service as part of a wider healthcare system that responds effectively to the sexual and reproductive health needs of London's residents."

2. In 2017 the 30 London local health authorities, including the City Corporation acting in that capacity, agreed to collaborate to deliver these sexual health services under an Inter-Authority Agreement (IAA) dated 16th May 2017, with the City Corporation also agreeing to be appointed as the Lead Authority, being the accountable body responsible for hosting the programme management service and procuring the E-service.
3. The contract for the provision of the E-Service, valued at over £200m, was awarded by the City Corporation on 15 August 2017, for a minimum 5-year term with options to extend it by a maximum of 4 years. The contract was extended for a further 3-years extension in 2022, and then a final 1-year extension was applied, taking the contract end date to 14 August, 2026.
4. The current E-Service is provided by Preventx Ltd who sub-contract with Chelsea and Westminster NHS Trust and Lloyds Online Doctor for clinical leadership, patient care and the supply of medical treatments.
5. It provides online assessment for sexual health testing services by post with remote treatment for chlamydia. The E-Service is partnered with London's NHS Trusts who provide ongoing care to E-Service users as required. It provides contraception to residents of 16 authorities, who have called off this optional service line.
6. The E-Service has performed well against the key performance indicators, the supplier has been responsive to our evolving needs and service user feedback is consistently positive. When compared with providing similar care pathways in a traditional clinic setting, the E-Service provides value for money to the participating Authorities and convenience for their residents.
7. A small Programme team, the London Sexual Health Programme Team (LSHPT) hosted by the Directorate of Community and Children's Services within the City Corporation, manages the E-Service contract on behalf of 30 participating authorities under the IAA. The arrangements provide for the costs of the hosting to be met by the participating authorities as well as for recharging each of the local authorities for their residents' usage in a timely manner so that liquidity risk is managed for the City Corporation as the accountable body.
8. An E-Service Management Board (ESMB), comprising of representatives from each participating Authority, provides strategic oversight for the contract and makes recommendations to the City Corporation when variations, including extensions, to the contract are needed.

## **Current Position**

9. The 30 participating Authorities have recommended to the City Corporation, via the E-Services Management Board (ESMB), that the current E-Services contract is reprocured and to go live on 15 August 2026.

10. Publishing the tender documentation in June 2025 will ensure there is adequate time for the delivery of a comprehensive competitive procurement process by the City Corporation as Lead Authority, allowing all participating Authorities to obtain their own authorisations throughout the process, and to participate in the subsequent service contract awarded by the City Corporation. The competitive procurement (including legal advice) will be funded by all the participating authorities.
11. The new Provider Selection Regime (PSR) sets out the rules for procuring health care services in England by organisations termed Relevant Authorities. The key criteria under regulation 5 of the PSR are (a) quality and innovation, (b) value, (c) integration, collaboration and service sustainability, (d) improving access, reducing health inequalities and facilitating choice and (e) social value.
12. The participating Authorities reached a consensus in the ESMB of the 18 April 2024 for a competitive process to be undertaken for the (re)procurement of the Sexual Health E-services and this was endorsed by the authorities at a subsequent meeting of the LSHP's Strategic Board. City Corporation as the host authority has taken this decision on behalf of the Related Authorities via the IAA.

## **Options**

13. There were four options identified to take forward the re-procurement:

### **Option 1: Run a “Competitive Process” under the Health Care Services Provider Selection Regime**

Advantages to this Option:

- Value for Money: Encourages cost-effective service provision.
- Innovation: Promotes new approaches and improvements in service delivery.
- Transparency & Fairness: Reduces legal and reputational risks associated with direct awards.

Disadvantages to this Option:

- Time & Resource Intensive: Longer procurement timelines and higher administrative costs.
- Potential Disruption: Transitioning between providers may pose risks to service continuity.
- Market Uncertainty: Can create instability for existing providers.

Possible risks associated with this Option:

The key risk to this option is the continued provision of a quality service to residents of London. This has been mitigated through extensive market engagement and the drafting of a detailed specification. The ITT will seek responses to key method statements, with minimum scores required to ensure continued quality. A period of 4 months has been allowed for the new service to “ramp up” prior to the cessation of the current service (a term confirmed with all potential bidders to be sufficient). The

contract will contain key performance indicators to allow for robust contract management post award.

### **Option 2: Use the “Most Suitable Provider” process under the Health Care Services Provider Selection Regime.**

Advantages to this Option:

- Flexibility: Enables authorities to tailor service selection to strategic priorities.
- Reduced Procurement Burden: Avoids lengthy competitive processes.
- Continuity of Care: Maintains stability when transitioning to a new contract.

Disadvantages to this Option:

- Subjectivity Risk: Requires clear justification, which may be challenged.
- Limited Market Testing: Does not always ensure the best value for money.
- Potential Provider Discontent: Other providers may dispute the selection process.

Possible risks associated with this option:

Due to the complexity of this service (value, cross-borough), conducting a desktop exercise to identify the most suitable provider would be a huge risk, as it would be unlikely to sufficiently allow us to be satisfied that any provider would be able to meet the requirement to the scale and complexity required.

### **Option 3: Use the “Direct Award Process C” process under the Health Care Services Provider Selection Regime (awarding to the incumbent).**

Advantages to this option:

- Efficiency: Faster procurement with reduced administrative burden.
- Continuity: Ensures stability in service delivery.
- Market Confidence: Reduces uncertainty for providers currently delivering services.

Disadvantages to this option:

- Limited Competition: May not encourage innovation or cost savings.
- Legal Challenge Risk: Could be subject to scrutiny if the justification for direct award is weak.
- Equity Concerns: Could be perceived as favouring incumbent providers unfairly.

Possible risks associated with this option:

The soft market testing that has been conducted has demonstrated that there are several providers working in this space. They have demonstrated an appetite to bid for this contract and bring with them new and innovative ideas regarding service delivery. Having engaged with them throughout the process so far, The City would stand a significant risk of challenge should the contract not be competed. Whilst the



service being provided is of a high quality, some Boroughs are happier than others with the incumbent provider performance.

#### **Option 4: Use a framework agreement.**

Advantages to this Option:

- **Reduced Procurement Burden:** Avoids lengthy competitive processes.
- **Risk Management:** With established terms and conditions, there is more certainty and stability in the procurement process, reducing potential risks and uncertainties.
- **Compliance:** They help demonstrate and justify decision-making and best practices, ensuring compliance with procurement regulations.

Disadvantages to this Option:

- **Reduced Competition:** Framework Agreements limit access to new or alternative suppliers, hindering the opportunity to achieve the full service requirement, and negotiate better prices or terms (the Framework Terms and Conditions must be used).
- **Lack of Flexibility:** The scope and T&Cs of the Framework may restrict our ability to adapt to changing needs or circumstances and explore new or improved ways of delivering goods or services.
- **Simplistic:** Framework Agreements are not designed for such complex service delivery models of SHL.UK

Possible risks associated with this option:

There is currently no Framework Agreement in the market available for us to use should this have been the preferred route to market. NHS SBS are putting a Framework in place, but it will not be active until after we have awarded our contract. As such, it is not clear whether the incumbent and other providers included in the soft market testing will be on the Framework. Going to market later using a Framework that may not include these suppliers would provide a significant risk of challenge.

#### **Proposals**

14. In April 2024, contract law specialists held a workshop for London commissioning and procurement teams to review the new legislative framework for sexual health services. A consensus emerged that both Direct Award Process C and a Competitive Process were viable procurement routes.

During the LSHP Strategic Board meeting in October 2024, a number of Authorities agreed on their preferred procurement route for the London e-Service **being the Competitive Process**; the rationale being that since the award of the existing contract, a number of new entrants have entered the market. With new entrants in the market, this approach fosters competition and innovation, ensuring value for money while enhancing service quality for users.

Accordingly, under Delegated Authority, the Town Clerk, in consultation with the Chairman and the Deputy Chair approved the procurement for the replacement E-services contract, due to commence on 15 August 2026, under Option 1, namely, by running a “Competitive Process” under the Health Care Services Provider Selection Regime and endorsed it for onward consideration at the Court of Common Council on 26th June.

## **Background Papers**

Joint Report of the Director of Community & Children’s DCCS and the Chamberlain.

### **2.MRI Horizon (Property Management Software)**

At the last Finance Committee meeting (04/06), Members granted Delegated Authority to the Town Clerk, in consultation with the Chairman and Deputy Chair of the Committee to consider the allocation of funding for the the purchase of an upgrade to the City Corporation’s Property Management Software tool, MRI Horizon.

#### **Background**

1. MRI Horizon is the class leading leasehold and property management software solution. It collects property rent, service charge and insurance income across the commercial property estates (City Fund, City’s Estate, and City Bridge Foundation). The system supports activity across the organisation, including the Chamberlain’s Department, Comptroller and City Solicitor, Department of Community and Children’s Services, including the Barbican Estate (commercial income), Environment, and the City Surveyor’s Department (including Markets).
2. This software solution deployed in the City of London (version 10.3.5) started its deployment in 2020. The version implemented relies upon a Microsoft SQL Server which is moving out of support – an action decided by Microsoft and not within our control. The organisation now needs to successfully transition into the new / current version (released in late 2023) of the software by the start of July 2026. This transition is estimated to take between six and nine months.
3. The upgrade will cost in the region of £250k covering supplier costs, external project management expertise, and contingency. This cost will be partially defrayed by an earlier project underspend of £10k, leaving a shortfall of £240k to be funded split across the three constituent funds, based on use of the service.
4. This paper was presented under Delegated Authority in order to progress with contracting arrangement with both the external project manager and the supplier – it is critical that we get these key resources established and mobilised swiftly to achieve the hard deadline in July 2026.

#### **Options**

5. The City has explored extended server support arrangements, but the advice from IT is that this would open the organisation to considerable risks and is not advised. The July 2026 date can therefore be considered a 'hard deadline'
6. Moving to an alternative platform would have a lead time of 12-24 months and would be considerably more expensive (the deployment of MRI Horizon involved a spend of circa £1.8m).
7. The Horizon system was implemented within the City environment from 2020, with a phased go-live from 2023. The current version 11 was only available to early adopters in early 2023, with wider availability from early 2024. It would not have been possible, when the City commenced the Horizon deployment in 2020, to implement version 11.
8. The City has also sought advice as to whether part of the cost could be recovered from the supplier. It was noted that this is a major system upgrade which affords customers a range of enhanced options (and therefore not a simple like-for-like swap out). Further, the server change was a Microsoft-led activity, meaning that MRI were unable to retain customers on the legacy platform, even if desirable. This can therefore be considered a mandatory system upgrade.

## **Proposals**

9. It is proposed that the organisation swiftly commence the version 11 upgrade to the MRI Horizon software.
10. A speedy agreement on the proposals will ensure that we can formally engage with the supplier. This will ensure that there is appropriate dedicated resource available to the City from the supplier. The City should be mindful that all customers on the current version of the solution will need to transition to version 11 by July 2026, and there is a risk that there is a resource bottleneck closer to that date.
11. The upgrade will be overseen by the Property Income Collection Board. This is a set of senior officers from across the organisation who will oversee the upgrade work, ensuring the appropriate sequencing of activities, and managing interfaces with their areas of expertise. This will be overseen by a Senior Responsible Officer (SRO). The Investment Property Director, Robert Murphy, has agreed to act as the SRO.
12. This proposal will also ensure that there is appropriate Horizon expertise within the business to oversee the critical interface with the new SAP Enterprise Resource Planning solution (Project Sapphire). This will de-risk this interface update.

## **Key Data**

Project costs are noted in the table below.

Category	Cost
Project Management Support (9 months)	£145,000
Supplier Costs	£80,000
Contingency	£25,000
<b>Total</b>	<b>£250,000</b>

An underspend from the Service Charge deployment project (Horizon phase 2) can be utilised towards this cost, leaving £240,000 of funding to be identified. The required funding is then split by each of the constituent funds. The allocation is consistent with the earlier phases of the Horizon deployment within the City, based on usage.

<b>Total cost</b>		<b>£250,000</b>
(underspend from earlier phases of deployment)		(£10,000)
<b>Funding required</b>		<b>£240,000</b>
City Fund	40.8%	£97,920
City's Estate	43.9%	£105,360
City Bridge Foundation	15.3%	£36,720

City Bridge Foundation have been appraised of the funding requirement and are supportive.

Accordingly, under Delegated Authority, the Town Clerk, in consultation with the Chairman and the Deputy Chair:

- Noted the total sum required to deliver the version upgrade of £250k (including a costed risk provision of £25k)
- Noted that due to an underspend on the earlier system deployment project (Horizon Phase 2), £10k can be applied to the funding requirement. There is therefore a funding shortfall of £240k which will need to be met from the three funds, based on usage.
- Approved the funding of the City Fund (40.8%) and City's Estate (43.9%) components of the version upgrade from Finance Contingency Funds. This amounts to £97,920 from City Fund and £105,360 from City's Estate.
- Noted that a separate application has been made to the City Bridge Foundation (CBF) for their contribution, 15.3%, £36,720. This falls within the delegation level held by the Managing Director of the CBF for the use of CBF's contingency. CBF are supportive of the funding requirement.

## Background Papers

Report of the City Surveyor.

### John Cater

Governance and Member Services Manager

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