

FINANCE COMMITTEE

Tuesday, 21 July 2020

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 21 July 2020 at 1.45 pm

Present

Members:

Munsur Ali
Rehana Ameer
Randall Anderson
Deputy Roger Chadwick
Graeme Doshi-Smith
Alderman Sir Peter Estlin
Alderman Prem Goyal
Michael Hudson
Deputy Wendy Hyde
Deputy Jamie Ingham Clark
Deputy Clare James
Alderman Gregory Jones QC
Angus Knowles-Cutler
Oliver Lodge

Alderman Nicholas Lyons
Paul Martinelli
Jeremy Mayhew
Andrew McMurtrie
Deputy Robert Merrett
Deputy Hugh Morris
Benjamin Murphy
Susan Pearson
William Pimlott
James de Sausmarez
Deputy James Thomson
Mark Wheatley
Deputy Catherine McGuinness (Ex-Officio
Member)
Sheriff Christopher Hayward (Ex-Officio
Member)

Officers:

John Cater	- Committee Clerk
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Sean Green	- Chamberlain's Department
Dianne Merrifield	- Chamberlain's Department
Julie Mayer	- Town Clerk's Department
Chloe Rew	- Town Clerk's Department
James Rooke	- City Surveyor's Department
Julie Smith	- Chamberlain's Department
Devika Persaud	- Town Clerk's Department
Kate Limna	- Chamberlain's Department
Sanjay Odedra	- Communications Team

1. **APOLOGIES**

Apologies for absence were received from Nick Bensted-Smith, Caroline Haines, Gregory Lawrence, Tim Levene, Ian Seaton and Sir Michael Snyder.

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

There were no declarations of interest.

3. **ORDER OF THE COURT OF COMMON COUNCIL**

The Committee received the Order of the Court of Common Council from Thursday, 16th July 2020 appointing the Finance Committee for the 2020/21 civic year.

4. **ELECTION OF THE CHAIRMAN**

In accordance with Standing Order 29, Jeremy Mayhew was elected Chairman of the Finance Committee for the year ensuing.

The Chairman thanked Members for their continued support. Acknowledging the substantial challenges that now faced the Corporation, he urged Members, when they sit on other committees, to champion financial discipline and responsibility.

He expressed his thanks to Chris Boden, John Fletcher, Alderman King, Andrien Meyers, Henry Pollard, and Simon Duckworth, all of whom had left the Committee.

He welcomed Munsur Ali, Alderman Goyal, Caroline Haines, Angus Knowles-Cutler, Mark Wheatley and Chris Hayward, all of whom had joined the Committee for the year ensuing.

5. **ELECTION OF DEPUTY CHAIRMAN**

In accordance with Standing Order 30, Deputy Jamie Ingham Clark was elected Deputy Chairman of the Finance Committee for the year ensuing.

6. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 23rd June 2020 be approved as an accurate record.

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

The Committee received a Report of the Chamberlain concerning the Committee's forward workplan.

RESOLVED – That the Committee noted the Report.

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

The Committee considered a report of the Town Clerk which advised Members of the key discussions which had taken place during recent meetings of the Committee's Sub-Committees.

RESOLVED – That the Committee noted the report.

9. **APPOINTMENT OF SUB-COMMITTEES AND REPRESENTATIVES ON OTHER COMMITTEES**

The Committee considered a Report of the Town Clerk concerning the appointment of the Committee's Sub Committees for the 2020/21 civic year, and to appoint representatives to several other City Corporation positions.

Given the previous uncertainty about the start of the 2020/21 civic year, the Committee undertook an informal re-appointment round at the 19th May Finance Committee meeting. This provided Members with the opportunity to express an interest in standing for/or to step down from any of the five Finance Sub-Committees.

As a result of that process, wholesale changes at today's meeting were not anticipated, and the Chairman asked Committee to retain the status quo from the May meeting and "roll over" the current respective memberships into the 2020/21 civic year.

RESOLVED – That the Committee approved the following:

Terms of Reference and Composition

- Members agreed the composition and Terms of Reference of the following Sub Committees:

Corporate Asset Sub Committee
Digital Services Sub Committee
Efficiency and Performance Sub Committee
Finance Grants Oversight and Performance Sub Committee
Procurement Sub-Committee

Appointments

- Members agreed to the following appointments as Chairman and Deputy Chairman of the respective Sub Committees:

Corporate Asset Sub Committee
Jamie Ingham Clark (Chairman)
James de Sausmarez (Deputy Chairman)

Digital Services Sub Committee
Randall Anderson (Chairman)
Alderman Sir Peter Estlin (Deputy Chairman)

Finance Grants Oversight and Performance Sub Committee
Nick Bensted-Smith (Chairman)
Philip Woodhouse (Deputy Chairman)

Procurement Sub Committee

Hugh Morris (Chairman)

Robert Merrett (Deputy Chairman)

In addition, Members noted that Jeremy Mayhew would serve as Chairman and Jamie Ingham Clark would serve as Deputy Chairman of the *Efficiency and Performance Sub Committee*.

- Members agreed to the following appointments of Members of the respective Sub Committees:

Corporate Asset Sub Committee

1. Chairman: Jamie Ingham Clark
2. Deputy Chairman: James de Sausmarez
3. Jeremy Mayhew
4. Dominic Christian
5. Rehana Ameer
6. Randall Anderson
7. Michael Hudson

Members also noted that the appointment of Members from the Property Investment Board and the Policy & Resource Committee would take place in due course.

Digital Services Sub Committee

1. Chairman: Randall Anderson
2. Deputy Chairman: Alderman Sir Peter Estlin
3. Jeremy Mayhew
4. Rehana Ameer
5. Roger Chadwick
6. Jamie Ingham Clark
7. Tim Levene
8. Hugh Morris
9. Ben Murphy

Members also noted a) the appointment of the Special Interest Area (SIA) Holder by the Police Committee will take place on 31st July 2020 and b) the potential for further appointments to be drawn from the wider Court of Common Council after the recess.

Efficiency and Performance Sub Committee

1. Chairman: Jeremy Mayhew
2. Deputy Chairman: Jamie Ingham Clark
3. Randall Anderson
4. Roger Chadwick
5. Dominic Christian
6. Alderman Sir Peter Estlin
7. Clare James

8. Oliver Lodge
9. Alderman Nicholas Lyons
10. Paul Martinelli
11. Hugh Morris
12. James de Sausmarez
13. Philip Woodhouse

Finance Grants Oversight & Performance Sub Committee

1. Chairman: Nick Bensted-Smith
2. Deputy Chairman: Philip Woodhouse
3. Jeremy Mayhew
4. Roger Chadwick
5. Jamie Ingham Clark
6. Paul Martinelli
7. Ian Seaton

Given the changes in membership to the Grand Committee after the Court of Common Council the previous week, Finance Grants Sub had been left with two vacancies, the Finance Committee therefore agreed to a reduction in the minimum number of Members on the Sub from nine to seven.

Procurement Sub Committee

1. Chairman: Hugh Morris
2. Deputy Chairman: Robert Merrett
3. Jeremy Mayhew
4. Randall Anderson
5. Roger Chadwick
6. Michael Hudson
7. Jamie Ingham Clark
8. Alderman Gregory Jones
9. Susan Pearson
10. William Pimlott
11. Philip Woodhouse

Appointments of Committee representatives to other Corporation positions

- Members agreed to the following appointments of representatives:

Establishment Committee (1):

Jeremy Mayhew

Barbican Centre Board (1):

Jeremy Mayhew

Courts Sub (1):

Jamie Ingham Clark

Project Sub Committee (2):

James de Sausmarez & Susan Pearson

Streets and Walkways Sub Committee (1):

Paul Martinelli

Representative for informal consultations with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty Allowances (1):

Andrew McMurtrie

• Members also noted that the Chairman would be:

- A Member of the Mayoral Visits Advisory Committee and;

the Chairman and Deputy Chairman would be:

- Members of the Resource Allocation Sub Committee
- Finance Committee Representatives for informal consultations with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty (in addition to Philip Woodhouse) and;

Ex-officio Members of:

- Policy and Resources Committee
- Investment Committee
- Audit and Risk Management Committee
- Hospitality Working Party (P&R) and;

the Chairman would be an ex-officio Member of the Public Relations and Economic Development Sub Committee.

Members also agreed that the Committee should continue to meet “every fourth week on Tuesdays” with the exception of recess periods.

10. REVENUE BUDGET MONITORING TO JUNE 2020

The Committee received a Report of the Chamberlain concerning the Corporation’s financial position and the impacts of COVID-19 on budgets since the last update (reported to the Committee in June).

The Chamberlain re-emphasised that whilst the annualised estimate of the financial impact had, since June, come down from £30M - £27.6M, Covid would continue to cause significant damage to the Corporation’s finances, both in the short and longer term.

The Chamberlain confirmed that, as per the Chairman’s request, an in-year re-budgeting exercise had begun, and would continue during the coming months, culminating in a new revised budget which would be submitted for Finance Committee Members’ consideration in October.

The re-budgeting exercise would look to both capture in-year savings and present an opportunity to get the finances on a “sustainable flight path” for the next 3-4 years. He added that, going forward, the Target Operating Model (TOM) would underpin budget proposals.

The Chamberlain informed Members that the results of the Government’s Spending Review would be announced by the Chancellor in the autumn. In addition, the Business Rates Review has been reactivated, with the call for evidence closing in mid-September. Due to Covid, the next Business Rates revaluation will now take place from 1st April 2023. The Chamberlain emphasised that the decisions taken on Business Rates will be key to the Corporation’s Medium-Term Financial Plans and longer-term forecasts; he will update Members in due course.

The Chairman thanked the Chamberlain for his remarks and reminded the Committee that, whilst Covid had wrought significant damage, the medium-term financial projections were looking fragile *before* Covid; it was, therefore, incumbent upon both Members and officers to scrutinise carefully current spending and accept that, in the case of any new, in-year capital bids, these would only be approved on the basis of rare, exceptional cases. The Deputy Chairman added that maintaining financial discipline had to be central to all decisions going forward.

The Chair of Policy & Resources welcomed the Chairman’s remarks; she stressed that the picture across local government was grave, and recovery would take a considerable amount of time. Several Members, whilst recognising that the City had a degree of greater flexibility compared to other local authorities, emphasised the need for prudence and responsibility as the primary drivers in the years ahead.

In response to a query around the Corporation’s decisions concerning the option of furloughing staff, the Chairman confirmed that the original decision was *not* to furlough; however, upon further review, the Establishment Committee subsequently took the decision to allow Departments to furlough staff if required.

The Chair of Policy & Resources added that the original decision around furloughing was not specifically a City policy, but a broader local authority approach.

RESOLVED – That the Committee noted the Report.

11. PROVISIONAL OUTTURN 2019-20

The Committee received a Report of the Chamberlain concerning the provisional outturn for the 2019/20 Financial Year.

The Chamberlain informed Members that the 2019-20 provisional net expenditure outturn position of £183.7m represented a better than budgeted

position of £9.7m (comprising £6.9m City Fund and £4.5m Bridge House Estates and a £1.7m worse than budget position for City's Cash).

RESOLVED – That the Committee noted the Report.

12. CAPITAL AND SUPPLEMENTARY REVENUE PROJECT OUTTURN 2019/20 AND PRUDENTIAL INDICATORS

The Committee received a Report of the Chamberlain concerning the 2019/20 outturn for capital and supplementary revenue projects (SRPs), and the Prudential Indicators for City Fund.

RESOLVED – That the Committee noted the Report

13. RISK MANAGEMENT - TOP RISKS

The Committee considered a report of the Chamberlain which provided updates regarding the top risks within the Departmental Risk Register.

After introductory remarks from the Chamberlain, the Chairman informed Members that a proposal had been made by officers to merge the City of London Police risk item (CR23) with a broader Unsustainable Medium-Term Finances risk item (CR35); this had been rejected by the Audit & Risk Management (A&RM) Committee at its meeting on 14th July.

The Chamberlain added that the Information Security risk item (CR16) also went through a “Deep Dive” at A&RM last week, and steps to further mitigate this risk were endorsed by that committee.

RESOLVED – That the Committee noted the report.

14. 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.

RESOLVED – That the Committee noted the report.

15. IT DIVISION - MEMBER UPDATE

The Committee received a Report of the Chamberlain concerning the work of the IT Division.

RESOLVED – That the Committee noted the Report

16. DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES

The Committee noted a report of the Town Clerk detailing public decisions taken under delegated authority and/or urgency procedures since the last meeting.

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

There were no questions.

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

The following item of urgent business was raised –

New Report template

Given the clear need to re-emphasise the importance of financial discipline, the Chairman advised the Committee that he had been in discussions with officers about amending the Report template that came to Committees. Reports requesting funding were, on too many occasions, still being submitted without a clear narrative about the source of funding.

With the absence of a clear and upfront narrative, there is a significant risk that Members will give their approval for projects/programmes where there is an inherent source-of-funding issue.

As such, officers have drafted a new version of the Report template; the changes to the previous iteration are in the top box, namely, four new extra inserted lines below the Subject heading, and the insertion of a paragraph directly below the top box, outlining the expectations on Report authors.

The Chairman asked the Committee clerk to circulate the new template to Finance Committee members asking for views and feedback. The aim then was to roll out the new template for use by all Report authors.

19. **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.

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

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

21. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**

The Committee noted a report of the Town Clerk which advised Members of the key discussions which had taken place during the non-public sessions at recent meetings of the Committee's Sub-Committees.

22. **POWER PURCHASE AGREEMENT (PPA) FOR OFFSITE RENEWABLE ELECTRICITY - PROCUREMENT STAGE 1A MID TENDER PROGRESS REPORT**

The Committee considered a Report of the Chamberlain and the City Surveyor concerning the procurement exercise to appoint a preferred supplier of a Power Purchase Agreement ("PPA") for offsite renewable electricity for the City of London Corporation.

23. **ADMITTED BODY STATUS FOR THE IT SERVICE CONTRACT SUPPLIER**
The Committee received a joint Report of the Chamberlain and the Comptroller & City Solicitor concerning the IT Service Contract Supplier.
24. **PROVISION FOR BAD AND DOUBTFUL DEBTS AT 31ST MARCH 2020**
The Committee received a Report of the Chamberlain concerning Bad and Doubtful debts.
25. **NON-PUBLIC APPENDIX TO ITEM 12 (CONTINGENCIES)**
N/A
26. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions relating to the work of the Committee.
27. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
The Committee considered an item of urgent business relating to ITEM 10.

The meeting ended at 3.15 pm

Chairman

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