

Committee:	Date:
Finance Committee	13 October 2020
Subject: Financial Services Division – Quarterly Update	Public
Report of: The Chamberlain	For Information
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Summary

Key highlights from recent months have been:

- Finance Team's response to the COVID-19 pandemic and its impact on the City Corporation's finance, a number of mitigations were put in place to address the adverse effects of COVID-19 and to ensure the Corporation's finances not only in the 2020/21 financial year, but the Medium Term, are sustainable.
- Delivery of business as usual, remotely, and coping with a considerable increase in workload.
- Annual Capital Programme- reprioritisation of 2020/21 and new bids for 2021/22.
- Support for the London Community Response Team (a restricted trust established within Bridge House Estates as a result of the Coronavirus pandemic to provide support to London's communities).
- Finance for the Future transformation.

Recommendation

Members are asked to note the report.

Main Report

1. The team's response to the COVID-19 pandemic since the commencement of lockdown and throughout the summer has been highly effective, both at continuing services remotely, with increased workloads; and preserving the City Corporation's financial sustainability. Each team within the Financial Services Division has faced their own challenges and are proving to be adaptable when faced with adverse circumstances.
2. The key performance indicators in the Chamberlain's business plan for the division are shown in Appendix 1. Collection rates for business rates and rent are down due to COVID-19 impacts; and as agreed by Resource Allocation Sub Committee enforcement activity has not yet resumed. Although draft accounts were published on a timely basis, delays in the audit have resulted in City Fund and Bridge House Estates accounts going to committee at a later date than originally planned,

although well within statutory deadlines. Chamberlain's Court income has been seriously impacted by the reduced number of Freedom ceremonies, although demand for online ceremonies has been encouraged and numbers are picking up. The consequent loss in income has been off-set by savings made elsewhere in the division.

3. Detailed below are some of the key activities undertaken since the previous update in February 2020:

4. **Resetting of Departmental Budgets**

A number of mitigations were put in place to address the adverse effects of COVID-19 and to ensure the Corporation's finances not only in the 2020/21 financial year, but also in the Medium Term are sustainable. Under the direction of the July Resource Allocation Sub Committee, a resetting of 2020/21 Departmental budgets was undertaken over the summer. The exercise has set out budget adjustments totalling £15.6m to departmental local risk budgets. The Chamberlain, Deputy Chamberlain and Heads of Finance met with a number of Chief Officers in bi-lateral meetings during the summer to discuss the recommended budget adjustments and ensure understanding of the need for stricter budgeting. Member bi-laterals were also held with some of the higher risk departments/service committees. The recommended budget adjustments are to be considered by this Committee.

5. **Business rates COVID Response**

The Revenues team have been administering the Government's grant support schemes to the Retail and Leisure sector and to qualifying small businesses. The schemes are now coming to a close. As at 29th September the City had made 862 Small Business Rate Grants totalling £8,620,000; and 508 Retail and Leisure Grants totalling £11,920,000. The team had also paid out a further 100 Discretionary grants totalling £728,600. This is a combined total of £21,268,000 in grant payments.

6. The team have also awarded approximately £130.5m in Retail and Leisure Business Rate Relief. This provides 100% relief from business rates to qualifying businesses.

7. The Government has announced further business Support Grant schemes which would be implemented if a local lockdown is imposed on the City or if the City is included within a wider London lockdown. The schemes would apply to any business that is specifically required to close as a result of a lockdown.

8. **London Community Response Fund**

The Charities Finance Team throughout the COVID-19 worked tirelessly to support the London Community Response Team (a restricted trust established within BHE as a result of the Coronavirus pandemic to provide support to London's communities) whom between April and June awarded £13.1m in community grants to 951 organisations across London. It was a fantastic, fast-paced effort by a newly established team in conjunction with the Accounts Payable team.

9. Reprioritisation of the 2020/21 Capital Programme

Resource Allocation Sub Committee asked the Chamberlain to review the approved 2020/21 capital programme in light of the impacts of COVID-19 against the original business cases and whether the schemes were still relevant in their current format. Substitute funding was also needed for approved new bids in response to COVID-19 outside the annual capital bidding process. Capital bids were either stopped, rescope, deferred or replaced on the basis of their relevance and priority.

10. Annual Capital Bids Process 2021/22

The capital bids deadline for 2021-22 submissions was the end of August. The Capital Team received 53 bids from across the Corporation. Bids and supporting documents are now being reviewed, with initial recommendations to be made to the October Resource Allocation Sub Committee and allocations agreed at the Committee's December meeting.

11. Finance for the Future (FSD Transformation) workstreams

In light of the Fundamental Review (FR) undertaken in 2019 and the impending Target Operating Model (TOM), a Finance Transformation initiative is being developed. Six workstreams have been identified to achieve savings and transformation including: improved ways of working, processes and procedures; improved strategic financial modelling capability; cultural and structural improvements (currently on hold pending the TOM); staff development; and better communication. The workstreams will see members of FSD at all levels band together to deliver projects over the next 18 months. Outcomes of the workstreams include the replacement of the current finance system, developing a 10-year strategic finance and cashflow model for each of the Corporation's Funds and a review of the financial regulations with a specific focus on the thresholds. Workstream teams are now being established with first meetings being held in October.

Focus for the new Quarter

Will be on the 21/22 budget and medium / longer term financial planning, including scenario planning for loss of income (principally investment property); business rate growth projections; balance sheet value modelling; and potential movements in major project plans.

Appendices

- Appendix 1 – FSD KPI Scoreboard

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