

FINANCE COMMITTEE

Tuesday, 19 January 2021

Draft Minutes of the meeting of the Finance Committee held virtually on Tuesday, 19 January 2021 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)
Deputy Jamie Ingham Clark (Deputy
Chairman)
Munsur Ali
Rehana Ameer
Randall Anderson
Nicholas Bensted-Smith
Graeme Doshi-Smith
Alderman Sir Peter Estlin
Alderman Prem Goyal
Michael Hudson
Deputy Wendy Hyde
Deputy Clare James
Alderman Gregory Jones QC
Angus Knowles-Cutler

Tim Levene
Alderman Nicholas Lyons
Deputy Robert Merrett
Hugh Morris
Susan Pearson
James de Sausmarez
John Scott
Ian Seaton
Sir Michael Snyder
Deputy James Thomson
Mark Wheatley
Deputy Philip Woodhouse
Deputy Catherine McGuinness (Ex-Officio
Member)
Sheriff Christopher Hayward (Ex-Officio
Member)

Officers:

John Cater	- Committee Clerk
Bob Roberts	- Director of Communications
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- City of London Police
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Karen Atkinson	- Chamberlain's Department
Amelia Ehren	- The City Bridge Trust
Nicholas Gill	- City Surveyor's Department
Jack Joslin	- The City Bridge Trust
Sean Green	- Chamberlain's Department
Sanjay Odedra	- Communications Team
James Rooke	- City Surveyor
Peter Young	- City Surveyor's Department

1. APOLOGIES

Apologies for absence were received from Deputy Roger Chadwick, Oliver Lodge, Paul Martinelli, Andrew McMurtrie, and William Pimlott.

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

Jamie Ingham Clark and Ian Seaton declared non-pecuniary interests in respect of item 9 due to holding positions at St Lawrence Jewry.

Mark Wheatley declared a non-pecuniary interest in respect of item 11 due to being the lead for the City of London for the British Red Cross.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – that the public minutes of the meeting held on 8th December 2020 be approved as an accurate record.

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

The Committee received a joint Report of the Town Clerk and the Chamberlain concerning the Committee's workplan for the next ten months.

The Chairman informed Members that, depending on the level of business due to be submitted to the Committee, the FC meeting scheduled on 9th March may be cancelled. The Chairman and officers will review the situation in February and keep Members posted.

RESOLVED – that the Committee noted the Report.

5. **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.

After the Chairman of the Corporate Asset Sub-Committee informed the Finance Committee of CASC's decision to dispose of the remaining part of the Woodredon Estate in Epping Forest, namely, the Woodredon Farm. A Member of the Epping Forest and Commons Committee (who also sits on FC), asked whether the funds derived from the disposal could go back to support the vital work of maintaining Epping Forest.

The Chairman pointed out that, whilst departments and their Service Committees were perfectly entitled to make a case for funding, the sums from the disposals of Corporation assets were a matter, in the first instance, for the Corporate centre; in short, we needed to avoid the automatic assumption that funds from disposals reverted back to the department that was previously responsible for the asset.

RESOLVED – that the Committee noted the report.

6. **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 a brief introduction from the Chamberlain, the Chairman noted that the recent Member-officer bilateral meeting with the Commissioner of the City of

London Police had been very positive, and, in terms of the broader outlook for budget allocations in 2021/22, we were in good shape going into the meeting of the Resource Allocation Sub-Committee on Thursday 21st January.

The Chamberlain informed Members that future iterations of the Risk Report would again go back to including a Heat Map.

RESOLVED – that the Committee noted the report.

7. BUDGET MONITORING

The Committee received a Report of the Chamberlain concerning Q3 Budget Monitoring.

In response to a query, the Chamberlain confirmed that all departmental underspends would be ringfenced; should these sums not be required by the department, they will, in effect, be clawed back by the centre to replenish City Fund reserves.

RESOLVED – that the Committee noted the Report.

8. CHAMBERLAIN'S BUDGET ESTIMATE

The Committee considered a Report of the Chamberlain concerning the Chamberlain's Departmental Budget Estimate.

The Chairman, noting that an element of confusion had emerged in recent weeks concerning the approval of budget envelopes, stressed that, whilst Service Committees should be informed of the size of their budget envelope, they were not there to approve (or reject) that envelope; their role was to prioritise and work within their envelope; this point needed to be emphasised, in future years, to avoid any further misunderstanding.

However, on the whole, the Chairman welcomed the constructive and realistic approach that many Chairmen and Deputy Chairmen of Sub-Committees had taken during this budget round; he hoped that this attitude would endure in coming years, as we continued to face up to the financial impact of the pandemic.

In response to a query, the Chamberlain informed Members that the department's salary costs were subject to the further implementation of the Target Operating Model, and a more accurate picture would emerge as the TOM matured later in 2021.

In response to a separate query, the Chamberlain assured Members that he was confident that the IT Division would continue to deliver to a high standard despite the cuts to its budget in 2021/22. He added that he was very proud of how the Team had stepped up during the pandemic. The Chairman responded that the investment made in recent years in IT had served us extremely well as we have faced the challenge of the pandemic.

In addition, the Chairman noted the changes and potential changes prompted by the TOM and Lisvane would present a useful opportunity to take stock in terms of Member/Committee governance and reporting lines on IT; we were not at that point yet, but it would be something to examine later in 2021.

RESOLVED – that the Committee approved the following:

- i) review and approve the Chamberlain's Departmental proposed revenue budget for 2021/22 as set out in table 1 in the Report;
- ii) review and approve the full operational budget (£62.676m) of the committee as set out in Appendix 1.
- iii) note the approved capital and supplementary revenue projects budgets for 2021/22 (appendix 6);
- iv) authorise the Chamberlain to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme;
- v) agree that minor amendments for 2020/21 and 2021/22 budgets arising during budget setting be delegated to the Chamberlain.

9. **CAPITAL FUNDING - PRIORITISATION OF 2021/22 ANNUAL CAPITAL BIDS - STAGE 2 PROPOSALS**

The Committee considered a Report of the Chamberlain concerning the Prioritisation of 2021/22 Annual Capital Bids.

In response to a query around financial discipline, the Chamberlain stressed that if pressures arise, we will take stock. There was a great deal of uncertainty this year, not least around how the pandemic itself might play out, plus HMG's response to the crisis, notably around the contents of the Budget in the spring, and the level of ongoing immediate financial support for businesses. In short, flexibility was key, and he was confident that the proposals had sufficient contingency planning built in.

In response to a query around whether the £20m figure allocated for the installation of the Barbican Estate fire doors was accurate, the Chamberlain clarified that £20m had been put aside indicatively; the project still needed to be closely assessed by the Project Sub Committee to ensure we were maximising value for money - so it could be assumed that the figure will be reduced going forward. It was also noted that the figure includes the replacement of other fittings, in addition to the fire doors, in the communal areas of the buildings across the Barbican Estate.

Members on the Barbican Residential Committee (who also sit on FC) commented that due to historic agreements struck with the leaseholders, the Corporation, as the landlord, was responsible for the costs of the installation. The situation was compounded by the prohibition on our ability to establish a sinking fund to support these types of remedial and maintenance works.

RESOLVED – that the Committee approved the following:

1. Note and agree that the plans would be affordable, sustainable and prudent (refer to paragraphs 8-15).
2. Consider the green rated bids amounting to £83.5m detailed in the attached appendix, which represents the position agreed with Chief Officers and Service Committee Chairs, together with the re-ignited bid for loan funding of £15.6m for the City of London School for Girls.
3. Agree that provisions of £83.5m plus a loan facility of up to £15.6m (indicative at this stage) be made in the draft medium-term financial plans of the three funds and that appropriate contingencies be set aside for approval by the Finance Committee and Court of Common Council as part of the annual budget setting process.
4. Request that the Corporate Asset Sub and Projects Sub Committees closely scrutinise the scope of the St Lawrence Jewry repairs project to ensure that all value engineering opportunities are fully explored, with a keen eye on value for money.
5. Agree that the bids rated as amber, detailed in the appendix, be placed on a reserve list to be funded from savings in provisions for green rated schemes should their urgency escalate.
6. Agree that the financial disciplines currently in place be continued, whereby central funding will be withdrawn for schemes that slip by more than one year; and the operation of the 'one-in, one-out' approach to funding of bids outside of the annual process.
7. Agree to the carry- over of the unallocated provision of £32m of loan facilities previously agreed for the Police and HRA.

10. **FSD QUARTERLY UPDATE**

The Committee received a Report of the Chamberlain concerning the Financial Services Division.

RESOLVED – that the Committee noted the Report.

11. **FINANCE COMMITTEE INTERNATIONAL DISASTER FUND**

The Committee considered a Report of the Chief Grants Officer and Director of City Bridge Trust concerning the FC's International Disaster Fund.

The Chairman noted that, given the frequency with which the Fund had been utilised for domestic appeals in recent years, the somewhat blanket wording in the Report, namely, "the expectation was that the Fund will only be used for domestic causes in exceptional circumstances", was now misleading, and it would be helpful for both Members and officers to recognise that the picture was now, *de facto*, more nuanced, with a more equitable balance between

international and domestic donations likely to endure for the foreseeable future given the unfolding damage from the pandemic in the UK.

Whilst stressing that City Bridge Trust provide significant philanthropic sums in support of domestic issues and that we should avoid duplication, officers took on board the Chairman's point and would ensure that our choices around donations were cognisant of the outlook domestically as well as internationally.

The Chairman also asked officers to, in effect, raise their game on our ability to provide leadership and test whether our interventions are making an effective impact in terms of getting others to donate. It was apparent that the donations we have made via the Fund are, all too often, too mechanical, and that follow-up, or impact analysis, was absent. He asked the CBT team to work with the Communications Team to look at ways in which we can be more active and improve our effectiveness over the coming year.

The Chairman also welcomed Mark Wheatley's intervention; Mr Wheatley is the lead for the City of London for the British Red Cross, he remarked that the Corporation was uniquely placed to provide leadership from both a domestic and international perspective given our relationships with multiple stakeholders. The Chairman asked officers to liaise with Mr Wheatley going forward and for an update to be provided in early 2022.

RESOLVED – that the Committee (with the caveat around domestic versus international donations) approved the following:

1. the criteria for dealing with donations from the IDF at Appendix 1.
2. an uplift in the budget for the IDF of £25,000 from savings within the City's Cash Grants budget.

12. CENTRAL CONTINGENCIES

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

RESOLVED – that the Committee noted the report.

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

There were no questions.

14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

15. 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.

16. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 8th December 2020 were approved as an accurate record.

17. 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 a non-public session at a recent meeting of one of the Committee's Sub-Committees.

18. RECONCILIATION OF HISTORIC LIABILITIES ON THE CITIGEN CONTRACT

The Committee considered a joint Report of the Chamberlain and the City Surveyor concerning the reconciliation of historic liabilities on the Citigen contract.

19. CITIGEN CONTRACT EXTENSION

The Committee considered a Report of the City Surveyor concerning the Citigen extension negotiations between E.ON (Citigen) and the City of London (CoL) to extend the agreement for the supply of heat and chill to contracted City properties.

20. BRIDGE HOUSE ESTATES STRATEGIC GOVERNANCE REVIEW - UPDATE FIVE

The Committee received a Report of the Chief Grants Officer & Director of City Bridge Trust concerning the Strategic Governance Review for Bridge House Estates.

21. CITY FUND: ANNUAL UPDATE AND 2021 STRATEGY

The Committee received a Report of the City Surveyor concerning the Annual Update and 2021 Strategy for the City Fund Estate.

22. CITY'S ESTATE: ANNUAL UPDATE AND 2021 STRATEGY

The Committee received a Report of the City Surveyor concerning the Annual Update and 2021 Strategy for the City's Estate fund.

23. STRATEGIC PROPERTY ESTATE: ANNUAL UPDATE AND 2021 STRATEGY

The Committee received a Report of the City Surveyor concerning the Annual Update and 2021 Strategy for the Strategic Property Estate.

24. BRIDGE HOUSE ESTATES: ANNUAL UPDATE & 2021 STRATEGY

The Committee received a Report of the City Surveyor concerning the Annual Update and 2021 Strategy for Bridge House Estates.

25. APPENDIX - ALLOCATIONS FROM 2020/21 CONTINGENCIES

The Committee noted the non-public appendix to ITEM 12 (Central Contingencies)

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

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

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

There were no non-public questions relating to the work of the Committee.

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

The Committee considered an item of urgent business relating to Furlough.

The meeting ended at 3.45 pm

Chairman

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