

FINANCE COMMITTEE

Tuesday, 15 June 2021

Draft Minutes of the meeting of the Finance Committee held as a hybrid meeting on Tuesday, 15 June 2021 at 1.45 pm

Present

Members:

Deputy Jamie Ingham Clark (Chairman)	Angus Knowles-Cutler
Jeremy Mayhew (Deputy Chairman)	Paul Martinelli
Munsur Ali	Deputy Robert Merrett
Randall Anderson	Hugh Morris
Nicholas Bensted-Smith	Benjamin Murphy
Henry Colthurst	Susan Pearson
Graeme Doshi-Smith	James de Sausmarez
Alderman Prem Goyal	Deputy John Scott
Michael Hudson	Mark Wheatley
Alderman Robert Hughes-Penney	Deputy Philip Woodhouse
Deputy Wendy Hyde	Catherine McGuinness (Ex-Officio Member)
	Sheriff Christopher Hayward (Ex-Officio Member)

Officers:

John Cater	- Committee Clerk
Caroline Al-Beyerty	- Chamberlain
Michael Cogher	- Comptroller and City Solicitor
Paul Double	- City Remembrancer
Paul Wilkinson	- City Surveyor
Nigel Lefton	- Remembrancer's Department
Charles Griffiths	- City of London School
Nicholas Richmond-Smith	- Chamberlain's Department
Paul Wright	- Remembrancer's Department
Sonia Virdee	- Chamberlain's Department
Sean Green	- Chamberlain's Department
Sanjay Odera	- Communications Department
Graeme Quarrington Page	- Chamberlain's Department
Alistair Cook	- Chamberlain's Department

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Alderman Sir Peter Estlin, Clare James, Alderman Alastair King, Andrew McMurtrie, Ian Seaton, and Deputy James Thomson.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 11th May 2021 be approved as an accurate record.

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

The Committee received a Report of the Chamberlain outlining the workplan for the next eight months.

A Member queried whether there should be a Capital Projects Update Report in February 2022, to continue the bimonthly frequency (updates are due in October and December 2021). The Chamberlain responded that whilst discussions around capital project spending for the 2022/23 financial year should be concluded by that point, Members would be kept updated as to the final outcomes.

A Member asked about the delay to the delivery time for the audit. The Chairman and the Chamberlain confirmed that the delays were caused by resourcing issues with our auditors; whilst this was clearly unsatisfactory, this was an industry wide problem and officers would continue in their efforts to seek a positive resolution.

RESOLVED – that the Committee noted the Report.

5. **APPOINTMENTS TO DIGITAL SERVICES SUB-COMMITTEE**

The Committee considered a Report of the Town Clerk concerning three appointments of Members of the Court of Common Council to serve on the Digital Services (Finance) Sub-Committee for the remainder of the 2021/22 municipal year.

RESOLVED – that the Committee approved the appointments of John Chapman, Andy Mayer, and James Tumbridge to the Digital Services Sub (Finance) Committee for the 2021/22 municipal year.

6. **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.

7. **RISK MANAGEMENT - TOP RISKS**

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

A Member asked whether the Corporation purchased insurance cover for cyber risks. The Chamberlain responded that she would return to the Committee with further details.

A Member asked if the medium-term financial outlook would be improved by the Corporation's decision to defer the Centre for Music. The Chamberlain responded that the Barbican renewal costs needed to be scoped out first before a definitive savings figure could be confirmed.

In response to a separate query, the Chamberlain confirmed that a consultation concerning Business Rates was expected in the autumn. It was anticipated that multiple options would be examined, and the Corporation would respond formally when the time came.

Business Rates was included as a main component with the wider MTFP Risk on the Departmental Register.

RESOLVED – that the Committee noted the Report.

8. **CITY OF LONDON SCHOOL PILOT: PROCUREMENT EMPOWERMENT AND CHOICE (TARGET OPERATING MODEL)**

The Committee considered a Report of the Chamberlain concerning the Target Operating Model pilot for the City of London School.

Several Members were of the view that the talent was available within the respective Bursar's offices of each of the independent schools to manage many of their own procurement needs and that, when they became involved, the central procurement team had, on several occasions, been ineffective in securing positive outcomes. The thresholds outlined in the Report were too low and Members queried whether these should be increased to provide more operational flexibility.

The Chamberlain responded that when it came to values exceeding £180,000, it was appropriate and optimal, in terms of securing value-for-money, to carry out a full tender (as opposed to seeking quotes) with the central procurement team co-ordinating the process.

The Assistant Director of Category Management & Sourcing in the central procurement team pointed out that, whilst he was disappointed when things go wrong, it should be stressed that the team had delivered significant commercial benefits overall during the past 12 months and he and his colleagues would be working closely with the schools and other institutions to ensure that communication lines were more effective in the future.

The Chairman proposed that the Committee should review how the pilot goes and come back in six months to see if the thresholds should be raised.

RESOLVED – that the Committee:

- Considered and approved that:

the authority to run non-works procurements up to £180k be devolved to the City of London School with the option of drawing on the central procurement team to advise and provide support to the procurement process where necessary;

Non-works procurements above £180k up to £300k, may also have more freedom over procurement process, depending on applicability of UK procurement regulation. Agreement on process and lead will be made between City Procurement and the School. The proposed procurement approach within the (£180-330K spend bracket) will be considered in a short options report (PT3, which is set out in Appendix 1) by the Chair of the relevant Category Board.

In line with the City Surveyor's Integrated Facilities Management model, in relation to core property services that are delivered from the centre, the School's specific requirements will be included in the specification for the CoL School LOT. The School will be consulted in choosing the supplier (i.e. for specialist services whether these should be delivered in-house or via external contracts) and the provider of core school services (e.g. cleaning, facilities, swimming pool maintenance, etc). This will be considered by the City Surveyor when making the decision on the supplier.

- Noted that a new regular report be prepared to provide an annual update of procurements to the Board of Governors of the City of London School and the Procurement Sub Committee.
- Noted that, if the pilot is considered a success, a further request will be made in future to apply this process to all relevant institutions and departments.

9. **MEMBER GOVERNANCE OF THE ERP PROJECT DELIVERY**

The Committee considered a Report of the Chamberlain concerning the Enterprise Resource Planning (ERP) Solution project.

RESOLVED – that the Committee approved the governance approach of the ERP Solution as outlined in the Report.

10. **LORD MAYOR'S SHOW**

The Committee considered a Report of the City Remembrancer concerning the Lord Mayor's Show.

A Member commended the work of the Remembrancer, the Chairman of the Committee, and others for their sterling work in delivering the Report.

Whilst welcoming the recommendations as positive practical steps, that should guarantee the long-term viability and success of the Lord Mayor's Show, he stressed that, given the cost and reputational risks that would now be involved, robust commercial business plans needed to be produced each year.

Members expressed their concern that the costs involved still had to, ultimately, be borne by the Corporation. The Departments that had previously contributed to these costs should not be allowed to bank these as savings as they were essentially shunted costs. The provision should instead be deleted from the respective department's budgets. The Chairman asked the Chamberlain to liaise with the respective chief officers to take this forward.

Separately, a Member pointed to the lack of provision for a reserve fund as being a significant risk. The Chairman responded that he would raise this at the next meeting of the Board of the Lord Mayor's Show Limited.

RESOLVED – that the Committee approved:

(a) In principle funding by means of an ongoing payment to the Lord Mayor's Show Limited to reflect services hitherto paid for from local risk budgets principally by the Department of the Built Environment, the Town Clerk (Communications) and the City Surveyor, in support of the Lord Mayor's Show, to be used exclusively to meet the costs of those services. For the 2021 Show, assuming it proceeds in its customary form, the total funding need in the current financial year would be approximately £210,000 and a payment of this amount would be made out of City's Cash Finance Contingency. If agreed in principle, a further report would be provided setting out the proposed payment mechanism for future years;

(b) In the exceptional circumstances of this year, underwriting of potential losses in the operation of this year's Show (and any losses from a future Show were they to arise), noting that surpluses in delivery of the Show in future years will be transferred by the Lord Mayor's Show Limited to the City Corporation once a reserve of approximately £30,000 is established; And

(c) The appointment of the Chairman of the Finance Committee to the Board of the Lord Mayor's Show Limited, the Board of the company and the General Purposes Committee of Aldermen having agreed the appointment, as a prerequisite for this Committee agreeing to the funding arrangement set out in this report.

11. **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.

12. DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES

The Committee considered a report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order 41(b).

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 11th May 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 non-public session at recent meetings of the Committee's Sub-Committees.

18. CORPORATE WAN CONTRACT EXTENSION

The Committee considered a Report of the Chamberlain concerning Corporation's Local Area Network (LAN) and Wide Area Network (WAN).

19. ANNUAL WAIVER REPORT

The Committee received a Report of the Chamberlain concerning non-compliant waivers over £50,000 for 2020/21 and an update on the Waiver Danger campaign.

20. NON-PUBLIC APPENDIX TO ITEM 11 - CENTRAL CONTINGENCIES

The Committee noted the non-public appendix to ITEM 11 (Central Contingencies).

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

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

22. 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.

23. 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.

24. CHAMBERLAIN'S DEPARTMENT - TIER 2 STRUCTURE (TARGET OPERATING MODEL)

The Committee received a Report of the Chamberlain concerning the Chamberlain's Departmental Tier 2 Structure.

The meeting ended at 3.30 pm

Chairman

**Contact Officer: John Cater
tel. no.: 020 7332 1407
john.cater@cityoflondon.gov.uk**