

FINANCE COMMITTEE

Wednesday, 14 December 2022

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Wednesday, 14 December 2022 at 1.45 pm

Present

Members:

Deputy Henry Colthurst (Chairman)
Deputy Randall Anderson (Deputy
Chairman)
Emily Benn
Steve Goodman
Deputy Ann Holmes
Wendy Hyde
Elizabeth Anne King

Catherine McGuinness
Eamonn Mullally
Paul Singh
Deputy Sir Michael Snyder
Deputy James Thomson
Deputy Philip Woodhouse

Officers:

John Cater	- Committee Clerk
Caroline Al-Beyerty	- Chamberlain's Department
Emma Moore	- Chief Operating Officer
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Polly Dunn	- Town Clerk's Department
Jack Joslin	- The City Bridge Trust
Fiona Rawes	- The City Bridge Trust
David Farnsworth	- Town Clerk's
Sonia Virdee	- Chamberlain's Department
Dionne Corradine	- Town Clerk's Department
Kate Limna	- Chamberlain's Department
Sanjay Odedra	- Communications Team
Julia Pridham	- The City Bridge Trust

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Shahnan Bakth Nick Bensted-Smith, James Bromiley-Davis, Alderman Emma Edhem, Alderman Sir Peter Estlin, Martha Grekos, Madush Gupta, Alderman Robert Hughes-Penney, Alderwoman Susan Langley, Gregory Lawrence, Alderman Tim Levene, Paul Martinelli, Andrien Meyers, Brian Mooney, Nighat Qureishi, Tom Sleigh, James Tumbridge, Mark Wheatley, Christopher Hayward, and Keith Bottomley.

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 and non-public summary of the meeting held on 15th November be approved as an accurate record.

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

The Committee received a Report of the Chamberlain concerning the Committee's Forward Plan.

The Chamberlain informed Members that the 2020/21 City Fund accounts were expected to be signed off by mid-January, with the handover to the new auditors Grant Thornton (GT) targeted for the end of January. The Chairman expressed his deep frustration at the situation, particularly as the point of contention concerned an infrastructure item which was, in his view, not material. The result of the delay would mean that GT would be completing two audits for City Fund over the course of 2023, namely, the 2021/22 and 2022/23 sets of accounts.

RESOLVED – that the Committee noted the Report.

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

The Committee received 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.

6. **RISK MANAGEMENT - TOP RISKS**

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

In response to a query, the Chamberlain confirmed that the inflation figure and assumptions outlined in the Report were sourced from the Office for Budget Responsibility (OBR) and from the Corporation's Medium-Term-Financial-Plan (MTFP). Given the volatility and uncertainty in the wider economy over the past 12 months, the rating would remain red going in 2023 and the assumptions would be reviewed as a key part of the budget setting process for the 2023/24 financial year.

In response to a query, the Chairman informed Members that he was eager for capital monitoring to be reported on a monthly basis; traditionally, this update had taken place quarterly, however, given the progress of the major projects and the resulting impact on the City Corporation's finances it was important that Members of this Committee (as well as the Policy & Resources Committee) were kept more frequently updated.

Separately, the Chamberlain informed Members that, whilst recent recruitment rounds had been slower than hoped for, the department was performing well in ensuring inductions and knowledge transfers were effectively carried out. The result had a really helpful impact on giving new members of staff the best opportunity to hit the ground running.

RESOLVED – That the Committee noted the Report.

7. AUTUMN STATEMENT 2022 BRIEFING

The Committee received a Report of the Chamberlain concerning the Autumn Statement.

In response to a query concerning the London Living Wage (LLW), the Chamberlain expected that the LLW would increase, advised that there were no staff members paid below the current LLW, but any increase would be factored into budget planning and the MTFP.

Separately, the Chamberlain confirmed that the government's Business Rates Re-set was still expected reflecting a figure of £27m relevant to the Corporation. The recent income from the growth in Business Rates has been directed to the major projects in City Fund as opposed to business-as-usual items.

RESOLVED – that the Committee noted the Report.

8. FINANCE COMMITTEE OPERATIONAL BUDGET ESTIMATE 2023/24

The Committee considered a Report of the Chamberlain concerning revenue budgets in relation to the operational services directly overseen by the Finance Committee.

Noting the circa £2m increase in insurance premiums this year, officers confirmed that this increase was, largely, due to an increase in the potential cost of rebuilding.

In response to a query, officers confirmed that, concerning the Old Bailey, the City Corporation's arrangement with HM Courts and Tribunals Service (HMCTS) was not evidenced on as a formalised a footing as was the case with the new courts complex.

The Chamberlain confirmed that a Report would be going to the Operational Property and Projects Sub-Committee and the Resource Allocation Sub-Committee in March concerning the Cyclical Works Programme (CWP). Whilst the current focus was on ensuring works with health and safety requirements and those with a statutory need were prioritised, consideration would begin to turn to the general backlog of works (circa £80m).

The Chamberlain informed Members that officers were currently working through the forecasting for energy prices and the consequent impact on the Corporation's finances in 2023/24. It was noted that, given the significant

increases in energy costs over 2022, the Power Purchase Agreement had been helpful in mitigating some of these pressures.

The Chairman asked the Chamberlain to review wording of Reports going forward. He was keen to avoid the terminology of “Latest Budget” as the budget set at the beginning of the financial year should be the final budget. Whilst in-year changes were inevitable, it was unhelpful, in his view, to go through multiple iterations of the Budget. The Chairman also clarified that whilst Members were being asked to approve the estimate this did not include, at this stage, the figures for the CWP and energy costs.

Separately, the Chamberlain informed Members that low-income residents would be assisted by the Council Tax Reduction Scheme.

It was also confirmed that discussions concerning the 2023/24 Pay Award would begin in earnest in early 2023. In addition, a Pay Reward Refresh project would be undertaken next year with a Report coming back to Committee towards the end of the year.

RESOLVED – that the Committee:

- Noted the latest revenue budget for 2022/23;
- Reviewed and approved the estimate for 2023/24;
- Authorised the Chamberlain to revise these budgets to allow for any further implications arising from changes to the resource envelope, Corporate Projects, other reviews and changes to the Cyclical Works Programme during budget setting be delegated to the Chamberlain;
- Note the approved capital and supplementary revenue budgets; and
- Noted that the draft budget does not include the estimated increases in energy costs principally for the Guildhall, Central Criminal Court and Mansion House, pending final agreement on energy forecasts.

9. **DRAFT CHAMBERLAIN'S BUSINESS PLAN FOR 2023/24**

The Committee considered a Report of the Chamberlain concerning the draft Departmental Business Plan for 2023/24.

The Chamberlain confirmed the department would be focusing its attentions in 2023/24 on ways in which a more empowered, less risk averse working culture could be developed, whilst maintaining appropriate financial controls. It had also become apparent that written communication between colleagues could be improved by trying to avoid overly jargonistic terms and encouraging “plain English”.

In response to a query, the Chamberlain commented that hybrid or remote working was now embedded across the local government sector. Finance roles in the private and charitable sectors, employers, in the main, were choosing to

operate with a hybrid model producing both positive and negative features. In terms of challenges, the Department, and the organisation as a whole, would need to focus on improving the skillsets of managers when it came to supervising their direct reports remotely, and give more consideration how to team build under a hybrid model, in light of less frequency of all individuals being in the same place at the same time.

Additionally, the Chamberlain remarked that the detail around the “current performance” under the KPIs on page 61 of the agenda pack would be updated as more work was carried out. Members would be kept abreast of these areas of performance over the coming year.

RESOLVED – that the Committee:

- Noted the factors taken into consideration in compiling the Chamberlain’s Department Business Plan; and
- Approved, subject to the incorporation of any changes sought by this Committee, the departmental Business Plan for Chamberlain’s for 2023/24.

10. 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.

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

Questions were raised as follows -

In response to a query around whether, in line with several local authorities in London, the City Corporation should consider becoming a member of the Fair Tax Foundation, the Chairman suggested that it would be more appropriate to discuss such a matter of policy at an upcoming meeting of the Policy & Resources Committee.

In response to several Members asking about the City Corporation’s utilisation of external consultants, namely, whether the data around the use of consultants was sufficient and whether this ultimately offered value-for-money, officers stressed that this was a multifaceted area. Whilst quality centrally held data was, unfortunately, unavailable, the definition of consultants covered a wide gamut and included administrative support staff on short-term temporary contracts to leading industry specialists contracted to work on complex projects, where the alternative option of drawing on internal resources, would not be practicable. It was also clear that the quality of the consultants varied significantly, and important to ensure that those individuals and firms which did perform well were re-engaged when new requirements emerged.

It was anticipated that as the new ERP system came on stream next year, in addition to the outcomes of the Project Governance Review in mid-2023, the data around the City's use of consultants would be significantly improved. With regards the ERP system, the Deputy Chairman urged patience and stressed that significant data cleansing would be required as part of a successful roll out, alongside the clear and comprehensive coding of all consultants engaged by the Corporation on the system.

Members were keen to understand current data around the number and usage of consultants, analysis of performance and value-for-money and the criteria used when appointments are made. Acknowledging that the data in this area was dispersed around the organisation, the Chairman was keen to ensure that any additional burden in putting a paper together was minimised and did not distract officers from the core day job, particularly when the current focus was on the 2023/24 Budget and other significant issues. With that in mind, the Chairman asked that, in the first instance and in order that this issue did not drop off the agenda, a brief oral update be made at an upcoming meeting of the Committee which could provide additional data, update Members on progress of the ERP, and provide some further thinking on whether criteria can be improved. This would then be followed by a more comprehensive deep dive paper on the use of consultants in the first half of 2023; it was proposed that this paper could also be submitted to the Corporate Services Committee and the Efficiency & Performance Working Party for wider input.

In response to a concern raised by a Member about the Chairman and Deputy Chairman not being sighted on a recent Report concerning the financing of the new Museum, the Chairman reiterated his earlier request for the Committee to be given more frequent monthly updates around the major capital projects and their impact on cash-flow.

Finally, reflecting on whether nine was an appropriate quorum figure for the Committee, the Chairman encouraged Members to provide feedback to the recent call to submit proposals and comments to the Town Clerk's Light Touch Governance Review over the Christmas Recess.

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

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 15th November be approved as an accurate record.

15. REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES

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

16. RESOURCING ADDITIONAL TIME-LIMITED SUPPORT TO COMPLETE THE CORPORATE CHARITIES REVIEW & SUPPORT THE SCOPING OF THE NATURAL ENVIRONMENT CHARITIES REVIEW

The Committee considered a joint Report of the Managing Director of Bridge House Estates & Chief Charities Officer & the Chamberlain concerning the Corporate Charities Review and the Natural Environment Charities Review.

17. INITIAL FEEDBACK ON BILATERAL MEETINGS WITH SELECTED COMMITTEE CHAIRMEN/CHAIRS

The Committee received an oral update of the Chamberlain concerning feedback from the bilateral meetings with selected Committee Chairmen/Chairs.

18. COVID-19 ADDITIONAL RELIEF FUND (CARF) SCHEME - UPDATE

The Committee received a Report of the Chamberlain concerning the CARF Scheme.

19. PENSION FUND - INITIAL 2022 ACTUARIAL VALUATION RESULTS

The Committee received a Report of the Chamberlain concerning the Pension Fund initial actuarial valuation results for 2022.

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

The Committee considered a report of the Town Clerk which provided information of the non-public 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 Orders 41(a) and 41(b).

21. NON-PUBLIC APPENDIX TO ITEM 11 (CONTINGENCIES)

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

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

Members considered a non-public question 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.

The meeting ended at 3.10 pm

Chairman

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