

Committee(s)	Dated:
Finance Committee	12 December 2023
Subject: Benefits-in-Kind Review and Annual Reporting	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly insofar as it is in the best interests of each of the charities within scope of the Review to support?	Outcomes 2, 3, 4, 5, 9 & 10
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£10,000
What is the source of Funding?	City's Cash Reserves
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: David Farnsworth, Managing Director of City Bridge Foundation	For Decision
Report authors: Jack Joslin, Head of the Central Grants Unit	

Summary

The purpose of this report is for Members to receive an update on an internal review of Benefits in Kind (BIK) that has been undertaken by the Central Grants Unit (CGU) in collaboration with the offices of the Chamberlain and Chief Operating Officer. The review was originally commissioned at the request of Alderman Tim Hailes in his capacity as Chair of the Operational Property and Projects Sub-Committee. The report asks for Members to agree the enhanced BIK process going forward and agree to the budget incurred by the review.

Recommendations

- a) To note the process undertaken to review BIK across CoLC Departments/ Institutions.
- b) To approve the £10,000 additional City's Cash Budget for this review with implementation to take place in 2023/24.
- c) To approve the amendments to the BIK Guidelines including its implementation and ongoing support.

Main Report

Background

1. CoLC's definition of BIK is: Abatement of a full commercial rent; abatement of a fee or charge for services provided; or the provision of goods or services to a third party at either a nil or reduced charge by CoLC. This includes Officer volunteering time and general support and the provision of advice or guidance to external bodies/charities. The decisions around BIK fall to the Finance

Committee, since the winding up of the Finance Grants Performance Sub Committee.

Current Position

2. In March 2023, following a request from Alderman Tim Hailes in his capacity as Chair of the Operational Property and Projects Sub-Committee, the Chamberlain and Chief Operating Officer requested that the CGU conduct a review of the current policy and process, including a Chief Officer peer review. The intention of this was to refresh and tighten the annual process to ensure that:
 - all BIK aligned with the Corporate Plan or departmental/ Institutional Strategies; and
 - appropriate recognition of the City Corporation's generosity was noted in Annual Reports (in the case of free accommodation or pro-bono advice) or at events hosted on the Guildhall Estate at a subsidised rate.
3. The current data suggests that the City Corporation made 180 BIK with an overall value of £2,475,128 in the 2022/23 Financial Year. An annual breakdown and analysis of BIK from 2022/23 can be found at **Appendix 3**. While many of the BIK awarded are small, the collective value across all departments is significant. It should also be noted that the amount of BIK awarded has significantly increased from £1,662,154 in financial year 2021/22. This is an increase of more than £800,000.

Proposal

4. A Corporate-wide process for BIK should be adopted and applied to each Department/ Institution, and work needs to take place to make Departments aware of the policy and how it should be managed on an annual basis.
5. **Appendix 2** outlines recommended amendments to the BIK Policy including a plan for Departmental/ Institutional implementation. Members are asked to review and approve the new BIK Policy. The current policy can be found at **Appendix 1** for reference.

Next Steps

6. If agreed, the new BIK Policy will be adopted from f/y 2024/25. To deliver the BIK review, verbal approval was given for the additional costs to be incurred by the CGU. Members are now being formally asked to approve the increased budget of £10,000 from the Finance Contingency Budget. Additional work will require an uplift in the annual budget of approximately £10,000 p.a.(increased annually in line with pay reviews), potentially tapering down as practice gets more embedded. A further request for ongoing funding will therefore be made to RASC in January 2024.

Conclusion

7. This report outlines the work that has taken place to review Corporation wide BIK, presenting recommendations to Chief Officers on amendments to BIK Policy and

its phased implementation across CoLC. Given the significantly increased value of these BIKs at a time of considerable cost pressures, we need to be certain that they remain of strategic value and that CoLC's generosity in providing them is appropriately recognised.

Appendices:

Appendix 1: Current BIK policy

Appendix 2: Revised BIK Policy for Approval

Appendix 3: 2022/23 Annual Departmental BIK analysis

Jack Joslin

Head of Central Grants Unit

T: 020 7332 3712

E: Jack.Joslin@cityoflondon.gov.uk