



Efficiency and Performance Sub (Finance) Committee

Date: WEDNESDAY, 6 NOVEMBER 2013
Time: 11.30am
Venue: COMMITTEE ROOMS - WEST WING, GUILDHALL

Members: Roger Chadwick (Chairman)
Ray Catt (Deputy Chairman)
Randall Anderson
Nigel Challis
Deputy Anthony Eskenzi
John Fletcher
Jamie Ingham Clark
Edward Lord
Jeremy Mayhew
Ian Seaton
Deputy John Tomlinson

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Lunch will be served in the Guildhall Club at 1pm

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 17 July 2013.

For Decision
(Pages 1 - 4)
4. **OUTSTANDING ISSUES**
Report of the Town Clerk.

For Information
(Pages 5 - 12)
5. **TRANSFORMATION AND EFFICIENCY BOARDS UPDATE**
Joint report of the Deputy Town Clerk and the Chamberlain.

For Information
(Pages 13 - 22)
6. **CIPFA VFM INDICATORS 2011/12**
Report of the Chamberlain.

For Information
(Pages 23 - 120)
7. **SUPPLIES AND SERVICES AND THIRD PARTY PAYMENTS**
Report of the Chamberlain.

For Information
(Pages 121 - 128)
8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
10. **EXCLUSION OF THE PUBLIC**
MOTION - 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 the Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

11. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the non-public minutes of the meeting held on 17 July 2013.

For Decision
(Pages 129 - 130)

12. **STAFF COSTS CHARGED TO PROJECTS**

Report of the Chamberlain.

For Decision
(Pages 131 - 146)

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

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

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Agenda Item 3

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE

Wednesday, 17 July 2013

Minutes of the meeting of the Efficiency and Performance Sub (Finance) Committee held at Guildhall, EC2 on Wednesday, 17 July 2013 at 1.45pm

Present

Members:

Roger Chadwick (Chairman)
Ray Catt (Deputy Chairman)
Randall Anderson
Nigel Challis
Deputy Anthony Eskenzi
John Fletcher
Jamie Ingham Clark
Edward Lord
Jeremy Mayhew
Ian Seaton
Deputy John Tomlinson

Officers:

Susan Attard	- Deputy Town Clerk
Neil Davies	- Town Clerk's Department
Daniel Hooper	- Town Clerk's Department
Matthew Pitt	- Town Clerk's Department
Chris Bilsland	- Chamberlain
Suzanne Jones	- Chamberlain's Department
Paul Nagle	- Chamberlain's Department
Paul Double	- City Remembrancer

1. APOLOGIES

There were no apologies.

2. DECLARATIONS BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ANY ITEMS ON THIS AGENDA

There were no declarations.

3. MINUTES OF THE PREVIOUS MEETING

The public minutes of the meeting held on 8 May 2013 were approved.

4. OUTSTANDING ISSUES

The Sub-Committee considered a report of the Town Clerk setting out all actions that remained open following the last meeting, with updates from the responsible officers.

RESOLVED - That the Improved co-ordination between Mansion House, Guildhall complex and the Central Criminal Court item be removed from the list of outstanding actions.

5. **TRANSFORMATION AND EFFICIENCY BOARDS UPDATE**

The Sub-Committee received a joint report of the Deputy Town Clerk and the Chamberlain providing updates on the work of both the Transformation and Efficiency Boards.

In response to a Member's question, the Deputy Town Clerk responded that officers were examining mobile app options for the delivery of City Corporation services. She added that part of this process was looking at how our existing app offers could be rationalised and simplified for the end-user.

In response to a Member's question regarding the trial of Microsoft Yammer, the Deputy Town Clerk responded that the City Corporation would not expend additional resources on a product that could be purchased as part of the contract renewal of for the Microsoft Enterprise License Agreement.

RECEIVED.

6. **INTER-DEPARTMENTAL EVENTS CO-ORDINATION**

The Sub-Committee considered a report of the Remembrancer updating Members on steps taken to refine co-ordination between the Remembrancer's Office, Mansion House, the Public Relations Office and Economic Development Offices on event planning and delivery over the previous twelve months.

Reference was made to the addition of the Department of Culture Heritage and Libraries to the Central Events Management Group and the need for liaison with others such as the Barbican and GSMD over anniversaries. In response, the Remembrancer stated that the work undertaken on events co-ordination between departments would further develop now that the Group had been established.

The Deputy Chairman requested that a progress report be brought to the Sub-Committee in twelve months.

In response to a Member's question on the relevance of guests at City Corporation events, the Remembrancer added that there was a new system in place to ensure invitations were appropriate and that it was working well.

RESOLVED: That: -

- i) the report be noted;
- ii) an update report be brought to the Sub-Committee at its July 2014 meeting; and
- iii) the Town Clerk produce a resolution for the next meeting of the Hospitality Working Party.

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

In response to a Member's question on the forthcoming Service Based Reviews, the Chamberlain responded that the Sub-Committee, along with a number of other Committees, including the Resource Allocation Sub-Committee would play roles in the review process. Members confirmed that a monthly report to the Finance Committee would not be desirable.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

9. 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 the Schedule 12A of the Local Government Act.

10. PP2P PROGRAMME REVIEW

The Sub-Committee approved a report of the Chamberlain.

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

There were no questions.

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

There were no urgent items.

The meeting ended at 3.17pm

Chairman

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Agenda Item 4

Committee(s):	Date(s):
Efficiency and Performance sub-Committee	06 November 2013
Subject: Outstanding Actions	Public
Report of: Head of Corporate Performance and Development	For Information
Summary At the 18 th September 2012 meeting, Members agreed to receive an updated schedule of outstanding actions at each meeting, with previously agreed closed actions removed. The attached schedule includes all actions that remained open following the last meeting, together with updates from the responsible officers. Members are asked to note that final reports in respect of the following two items are presented to today's meeting: <u>Value for Money analysis</u> results of the CIPFA benchmarking of corporate Finance, HR, Legal and Democratic Services (item 5.1 on the attached schedule) <u>Internal staff costs in projects</u> (item 9.1 on the attached schedule) In addition, the Transformation and Efficiency Boards update report includes additional analysis in respect of the London Councils' performance dashboard, as requested by Members the last time this dashboard was reported (item 7.4 on the attached schedule). An update report on Third Party Payments (item 7.5 on the attached schedule) is presented to today's meeting, with a further report to follow in the New Year.	

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EFFICIENCY AND PERFORMANCE SUB-COMMITTEE (EPSC) - Outstanding Actions (as at 21/10/2013)

	Meeting Date and Item	Action	Officer responsible and target date (where applicable)	Progress updates	Priority (High / Medium / Low)
3	Departmental report – Barbican Centre				
3.1	Report to 24/11/11 meeting: Item 12 Barbican Centre Update	Members were updated on the plans for reducing the Centre's expenditure and increasing income. Members requested that the sub-Committee be kept informed of any related financial matters as necessary.	Chamberlain/ Managing Director of the Barbican Centre Update as necessary	August 2012 – No issues requiring Member attention. Financial forecast for 2012/13 within budget. November 2012- No issues requiring Member attention. Financial forecast for 2012/13 within budget. Forecasts for 2013/14 are currently being compiled.	Medium
4	Improved co-ordination (“Joining-up”) between Mansion House, Guildhall complex and the Central Criminal Court				
4.2	Report to 17/7/13 meeting: Item 6 Inter-Departmental Events Co-ordination	Members requested a progress report in one year's time.	Remembrancer July 2014	n/a	Low

EFFICIENCY AND PERFORMANCE SUB-COMMITTEE (EPSC) - Outstanding Actions (as at 21/10/2013)

5	Central Recharges				
5.1	<p>Report to 24/11/11 meeting: Item 9</p> <p>Chamberlain’s departmental recharges – Value for money analysis</p>	<p>The Chamberlain to provide Members with further detail on comparative service delivery costs and to submit a report to Members to reconsider the issue of internal recharges and value for money</p>	<p>Chamberlain</p> <p>November 2013</p>	<p>February 2012 – A report was received outlining the difficulties in measuring the City Corporation against the CIPFA Public Sector Corporate Services Value for Money. The Financial Services Director stated that she was exploring other possibilities, including a London-wide benchmarking club, supported by CIPFA, to look at the issues instead. This was welcomed by Members.</p> <p>November 2012 –Data collection for the HR, Legal and Finance benchmarking clubs currently underway. Given the IS Sourcing review, the City will not participate in the IS benchmarking club. Possible benefits of participation in the Property Services benchmarking club currently being assessed.</p> <p>June 2013 – The results have been received and analysed, and discussed with the Comptroller and City Solicitor and the Director of HR. A report is scheduled for the November sub-Committee.</p> <p>November 2013: Report to be presented to sub-Committee.</p>	<p>Medium</p>

EFFICIENCY AND PERFORMANCE SUB-COMMITTEE (EPSC) - Outstanding Actions (as at 21/10/2013)

7	Efficiency Board issues				
7.2	<p>Report to 18/9/12 meeting: Item 5</p> <p>Triggers for departmental reporting</p>	Members asked for a review of the triggers after 6 months of operation	<p>Chamberlain</p> <p>Every meeting</p>	The triggers are reviewed at every meeting of the Efficiency Board and an update provided in the Transformation and Efficiency Board update reports to each sub-Committee meeting.	Medium
7.3	<p>Report to 30/1/13 meeting: Item 5</p> <p>Triggers for departmental reporting: “50 Ways to Save”</p>	Members requested that officers review and report back on the incentives offered to staff who suggest good ideas through the City Corporation’s Staff Suggestion Scheme and also the level of uptake.	<p>Deputy Town Clerk</p> <p>November 2013</p>	<p>May 2013: Members noted proposals for a full review of the Staff Suggestion Scheme, which were subsequently agreed by the Establishment Committee.</p> <p>September 2013: Proposals for a revised scheme were approved by the Performance and Strategy Summit Group. A detailed specification is being produced and software packages for suggestion management are being evaluated.</p>	Medium
7.4	<p>Report to 8/5/13 meeting: Item 5</p> <p>Transformation and Efficiency Boards - update</p>	Members requested that future reports on the London Councils performance dashboard include comparisons with previous quarters.	<p>Head of Corporate Performance and Development</p> <p>Quarterly</p>	Previous quarters’ analysis included in report to November sub-Committee (on 2012/13 Q4 dashboard).	Low
7.5	<p>Report to 8/5/13 meeting: Item 5</p> <p>Transformation and Efficiency Boards - update</p>	A report to be presented to the September meeting on the review of Third Party Payments.	<p>Chamberlain</p> <p>November 2013</p>	November 2013: Update report to be presented to sub-Committee. Results of on-going reviews to be reported at first meeting in 2014.	Medium

EFFICIENCY AND PERFORMANCE SUB-COMMITTEE (EPSC) - Outstanding Actions (as at 21/10/2013)

8	Transformation Board issues				
8.1	<p>Report to 18/9/12 meeting: Item 6</p> <p>Shared Services (City Corporation & City Police)</p>	<p>Members noted that non-emergency Police calls were being answered by the City Corporation's contact centre and were keen to consider recharging options should this become a permanent arrangement. They also noted that any decisions to recharge for services should be applied consistently across all departments.</p>	<p>Deputy Town Clerk / Chamberlain</p> <p>December 2013</p>	<p>January 2013 (report to Police Committee): "The call handling pilot has been successful in both reducing the volume of calls received in the CoLP Control Room and in making significant improvements to the percentage of non-emergency calls answered within 30 seconds. This is now consistently above target. Following an initial evaluation of the pilot to date, options for extending both the volume and nature of calls the shared Contact Centre handle are being considered in light of the Force's overall Contact Management Strategy."</p> <p>June 2013 – A report is scheduled for the September meeting.</p> <p>July 2013 – A project board has been formed to progress the joining up of the City's Contact Centre and Police Command Centre, following agreement of the key principles. The project board is due to meet on 16th July, followed by a tactical workshop on 18th July.</p> <p>November 2013: Report to be presented to sub-Committee in December 2013.</p>	Low

EFFICIENCY AND PERFORMANCE SUB-COMMITTEE (EPSC) - Outstanding Actions (as at 21/10/2013)

9	Miscellaneous				
9.1	<p>Report to 12/7/12 meeting: Item 5</p> <p>Transformation and Efficiency Boards update</p>	<p>The Chamberlain will explore how future finance reports could include a breakdown of internal and external staffing costs charged to City Corporation projects, especially where recharges could be made.</p>	<p>Financial Services Director</p> <p>November 2013</p>	<p>Estimated internal staff costs are now included in the gateway 1 and 2 template reports for City Corporation projects.</p> <p>July 2013 - A meeting to discuss this issue was held with the Chairman and Deputy Chairman on 2nd July, and a report will be presented to the October meeting.</p> <p>November 2013: Report to be presented to sub-Committee.</p>	High
9.2	<p>Report to 18/9/12 meeting: Item 5</p> <p>Transformation and Efficiency Boards update</p>	<p>Minutes of Transformation Board (TB) and Efficiency Board (EB) to be sent to selected Members for their information.</p>	<p>Head of Corporate Performance and Development</p> <p>Monthly</p>	<p>March 2013 meetings – sent 2/7/13</p> <p>April 2013 meetings – sent 2/7/13</p> <p>May 2013 meetings – sent 19/9/13</p> <p>June 2013 meetings – sent 19/9/13</p>	Low

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Agenda Item 5

Committee(s):	Date(s):
Efficiency and Performance sub-Committee	06 November 2013
Subject: Transformation and Efficiency Boards - update	Public
Report of: Chamberlain and Deputy Town Clerk	For Information
Summary <p>Since the last sub-Committee meeting, the Transformation Board has met three times and the Efficiency Board has met twice.</p> <p>The Transformation Board has discussed corporate survey software, social media monitoring, website and intranet developments, and a report on inter-departmental demand management; and received the regular updates from the current programme of strategic reviews. The Board also received a presentation from the Head of Corporate HR and Business Services, who discussed issues such as organisational design and resistance to change; and has been reviewing its terms of reference and links to other officer groups.</p> <p>The Efficiency Board continues to monitor the achievement of efficiency savings and budget reductions, and the latest position is reported in Appendix 2 to this report. The Board has discussed the service-based reviews, performance dashboards, corporate performance indicators, and how it can continue to support this sub-Committee, including by monitoring “triggers” for departmental reporting.</p> Recommendation <p>Members are asked to receive this update</p>	

Main Report

Background

1. At its 23rd May 2011 meeting, this sub-Committee received a report describing the establishment of two officer boards - the Transformation Board, (concentrating on change management) and the Efficiency Board (concentrating on the achievement of savings and efficiencies). It was agreed that an update on the work of each Board would be provided at each meeting of this sub-Committee.

Transformation Board

2. The following issues have been discussed at the Transformation Board, chaired by Susan Attard, since the last sub-Committee meeting.
3. **Updates on Strategic Reviews** The Board received updates on the key strategic projects. Issues highlighted recently include:
 - a. **IS phase 3 – alternative sourcing options**: The transfer of 29 full time staff to Agilisys took place on 1st September. The transition of operational services commenced from the same date, with a series of service and process improvement projects running throughout the first year. The move to ‘Infrastructure as a Service’ - also known as Cloud computing – is scheduled to complete in autumn 2014, and will be a significant step towards decommissioning the data centre in Guildhall. A series of planned communications using a variety of channels, will be used during transition, notifying and explaining service changes and improvements before they are implemented..
 - b. **PP2P**: The Finance Committee has agreed to bring the service back in house, with a target date of March 2014. This requires a number of activities to make sure that the service is stable and that there are clear actions to progress the maturity of the service to a level close to being a contender for excellence in procurement. Resources to do this are being established currently. Compliance with the revised processes is slowly improving and this will continue to be monitored and discussed with relevant departments as necessary. The new Head of CLPS starts on 4th November. Savings from the PP2P project are reported in Appendix 2 to this report.
 - c. **Strategic Finance Review**: Events to formally launch the money dashboard, business partnering handbooks and training will be held during the City Corporation’s Learning and Development Week in October. An action plan is being developed for improving the underpinning data quality of CBIS information. Work is taking place on Budget Manager training and eLearning, incorporating business partnering initiatives.
 - d. **HR**: The final staffing structure is in place, and a post implementation review is being conducted by the Senior Management Team. Further developments in the iTrent recruitment module are being piloted.
 - e. **Accommodation** All works are projected to complete in November within the overall budget, subject to the approval to vire budgets between individual work tasks. All dates for the Chamberlain’s Department move from Guildhall Yard East to Guildhall North Wing and Walbrook Wharf have been agreed and finalised.
4. **Corporate survey software** *SNAP* (Snap Survey Solutions) was chosen over seven years ago as the most appropriate and cost-effective corporate solution for the City Corporation for conducting surveys, since when much has changed in terms of technology. *SNAP* licences are expensive and training is required to use it effectively. Consequently *Survey Monkey*, an online survey tool which is cheap and easier to use has become increasingly popular with staff in a number of departments. A comparison of the two determined that *Survey Monkey* is now the product that best meets overall business needs,

offering a better user experience at lower cost. However, there are two areas - analysis and paper survey scanning - where *SNAP* is a superior product. Both of these are important issues for surveys with large sample sizes. The Board therefore agreed to conduct a survey of current *SNAP* users to determine whether either of these issues are relevant, before making a final decision between the two options.

5. **Monitoring of Social Media** The Board considered an update report in relation to a six-month trial of social media monitoring by an external company – Socialbakers. This tool pulls together information relating to the City Corporation’s various social media feeds, and was chosen after comparison with other available software. The report noted some initial impressions from trial users, including the Public Relations Office. Whilst the presentation of information in a dashboard was useful for senior managers and officers running feeds, the market for this type of software has developed, meaning that much of the information is now available elsewhere more cheaply, and, in some cases, at no direct cost. The Board noted that the trial users would be consulted at the end of the trial period (in October) to determine the most cost-effective solution to use in the future.
6. **Future progress of website and intranet projects** The Board received a report which identifies the programmes needed to realise the City’s objectives for these projects, maps out some of the detail, identifies staff resources and officers to be appointed in the future. There was detailed discussion of the aspirations of the programme, covering:
 - the speed of technology changes, meaning that there is no fixed ‘end point’ to any development;
 - options for staff consultation; and
 - the need for individual members of staff to be provided with a personalised intranet desktop comprising: “push” information (e.g. relevant news items), personal information (e.g. regarding annual leave), and collaboration space where staff can communicate through shared sites, and participate in blogs, etc.
7. **London Collaborative Efficiency Network** Officers continue to attend meetings of the LCEN, and report back to the Board on issues discussed. The meeting in September included discussion of contracting and procurement issues relating to Public Health services, and the impact of the Care Bill (May 2013), which will introduce a general duty for local authorities to promote individuals’ wellbeing. The Network also received feedback from the London ICT Programme, the sub-regional partnerships representing North, West, East and South-West London, Capital Ambition, and the London Strategic Procurement Board.
8. **Organisational Design** The Board received a presentation from the Head of Corporate HR and Business Services, based on a presentation given to groups of international public servants visiting Guildhall. This covered a range of HR issues, such as management structures and staff behaviour when seeking to resist change. The presentation led to a wide-ranging discussion, covering Board members’ personal experience of change resistant behaviour, the need for general ‘buy-in’ to change, the importance of communication

through the hierarchy, collegiate working, and how to turn negative behaviour to positive behaviour.

9. **Demand Management** The Board considered a report relating to the effective management and procurement of professional and cost effective legal services for the City Corporation. This is one of the areas identified for review at the Board's Strategic Opportunities workshop in July 2012. The report recognises that for the City Corporation, with its diverse and unique mix of functions and responsibilities, there is no single and simple solution. However, this issue is likely to become increasingly important as resources diminish. The Board accepted the recommendations in the report, which will provide a framework and starting point for the on-going consideration of demand management for legal services. These included: the drafting of a protocol to set broad principles for engagement with service departments; improved monitoring of workloads; and the development of closer working relationships between departments to understand current and future demand for legal services. Discussions have already taken place with the City Surveyor, as the largest user of legal services, and the detailed mechanisms will be developed in partnership with him to reflect the needs of the client should then be of wider application to other services and providers. Further detail is to be provided to the Board at a future meeting.
10. **Review of terms of reference** In order for the Board to remain relevant and effective, it has been reflecting on its work to date and how it operates, and considering suggestions for a way forward. In discussing its role, the relationship with other officer groups, particularly the Chief Officers' Group, the Performance and Strategy Summit Group and the Efficiency Board was highlighted. Work is in progress on mapping these relationships and determining how the Board can address the key issues of behaviour change and benefits realisation.

Efficiency Board

11. The following key issues have been discussed at the Efficiency Board, chaired by Chris Bilisland, since the last sub-Committee meeting.
12. **Efficiency and Performance sub-Committee** At each meeting, the Efficiency Board discusses the support that it provides to this sub-Committee, including reviewing the sub-Committee's list of outstanding items and the potential departmental triggers. External triggers considered by the Board include:
 - **Police Benchmarking** – following further consideration of the HMIC Value for Money Profiles, a report is being prepared for the Police Performance and Resource Management sub-Committee to propose a broad framework for reviewing City Police value for money. The latest draft of the HMIC indicators has been received and the data is being checked for accuracy.
 - **PRO polling** – the Board noted the initial results from the 2013 polling of key City audiences, including continued high satisfaction with the City as a place to live/work/run a business, and with the City Corporation as a

provider of services. The polling will also provide a useful source of evidence for the service-based reviews. A report was presented to the Policy and Resources Committee in October and a presentation to all Members is planned for December.

- **LG Inform** – the Board noted a draft dashboard of indicators for all local authorities circulated at a recent meeting of the Local Government Association Improvement Board. The draft showed the City Corporation as a generally high cost and high performing authority. Further analysis will be carried out in preparation for the public release of this dashboard in November.

13. **Service-Based Reviews** The Board discussed aspects of the service-based review process, including : the revised financial forecast resulting from the DCLG technical consultation on the Spending Review 2013; challenging the level of statutory and corporate services; quantifying potential savings options for presentation to Members, and the role that the Efficiency Board could play in the process.
14. **Performance Dashboard 2012-13 Q4** The Board noted the latest City of London performance dashboard, compiled quarterly by London Councils. This is attached at Appendix 1. On the dashboard, the City’s performance is shown in the column headed ‘value’, and by the black diamond in the column headed ‘better performance →’. The ‘group average’ is calculated from those boroughs that submitted data.
15. The table below summarises the City’s performance and gives a comparison with Q4 for 2011-12:

Number of performance indicators	Top quartile	2 nd quartile	3 rd quartile	Bottom quartile	n/a*	Total
Q4 2012-13	18	6	0	1	5	30
Q4 2011-12	18	3	2	3	4	30

*We do not submit returns where the raw data value is <10.

16. This shows above-average performance for 2012-13 in 24 of the 25 indicators for which the City’s performance is reported (96%), an improvement on the same quarter in 2011-12, when 19 of 26 indicators were above average (73%).
17. The only indicator where the City is still below average is LIS 25b – time taken to process “other” planning applications. Performance on this indicator continues to be monitored by the Departmental Management Team; analysis showing that the delay is mainly due to the impact of negotiations with applicants to secure approval of the application, which is the department’s key aim. During 2012-13, 98% of initial applications were approved, significantly higher than the national average, and above the target of 95%.
18. London Councils have been consulting on changes to the indicator set for 2013/14, to incorporate indicators relating to the new national performance

frameworks for adults' and children's services. This has delayed the collection of Q1 and Q2 data, which should be available later in the year.

19. **Corporate Plan performance indicators** The Board considered an initial 'long list' of performance indicators that could form the basis of a set of Key performance Indicators (KPIs) for the 2014-18 Corporate Plan. The Board supported the move to reintroduce a set of KPIs into the Corporate Plan, subject to the views of Members when detailed consultation on the Plan takes place later in the year.
20. **Savings from strategic reviews and other initiatives** Appendix 2 shows the latest position in respect of the savings generated by the current programme of strategic and other reviews, as monitored by the Efficiency Board. Table 1 shows the reviews that have generated savings during 2012/13 along with the anticipated 2013/14 savings. Table 2 shows the impact of the departmental budget reductions implemented in 2011/12, and table 3 shows the target reductions from the 2013/14 and 2014/15 budget reductions.
21. Since the last report to this sub-Committee, the figures for PP2P savings (table 1) have been updated, and Central markets Rents/Service Charges have been added to table 2.

Appendices

- Appendix 1 – LAPS Dashboard (Q4 of 2012/13)
- Appendix 2 - Savings Schedule (as at 22nd July)

Neil Davies

Head of Corporate Performance and Development

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City of London: London Performance Dashboard: 2012-13 - Q4 Final version

Risk and vulnerability	Value	Better performance	Group Average
LIS 1: violence against the person crime rate per 1,000 population (NI 15) Full Year Apr 12 to Mar 13	1.92 (a)		17.78
LIS 2: Robbery, dwelling burglary, and theft off/from a motor vehicle crime rate per 1,000 population (NI 16) Full Year Apr 12 to Mar 13	2.0 (a)		21.72
LIS 3: Total notifiable crime rate per 1,000 population (LIS 3) Full Year Apr 12 to Mar 13	22.6 (a)		92.90
LIS 4: % of childrens core assessments completed within 35 days (NI 60) Full Year Apr 12 to Mar 13	n/a		70.87
LIS 5: % of child protection cases reviewed within required timescales (NI 67) Full Year Apr 12 to Mar 13	100		98.71
LIS 6: % of children having a child protection plan for 2nd or subsequent time (NI 65) Full Year Apr 12 to Mar 13	n/a		11.71
LIS 7: % of referrals to children's social care going on to initial assessment* (NI 68)** Full Year Apr 12 to Mar 13	100.0		76.84
LIS 8: % of vulnerable people supported to maintain independent living (NI 142)** Year to Date Apr 12 to Dec 12	99.5		97.96
LIS 9a: average length in days of processing HB/CT benefit new claims (NI 181a) Year to Date Apr 12 to Dec 12	22.0 (a)		24.60
LIS 9b: average length in days of processing HB/CT benefit change of circumstance (NI 181b) Year to Date Apr 12 to Dec 12	8.5 (a)		12.57

key

- ◆ better performance
- average performance
- lower performing 25%
- middle performing 50%
- higher performing 25%

relative performance is:

- quite below average
- significantly below average
- quite above average
- significantly above average

national comparator

Improving life chances	Value	Better performance	Group Average
LIS 10: % of pupils achieving level 4 or above in both English and Maths at KS2 (NI 73) Annual 2011-12	100.0		82.61
LIS 11: % of LAC achieving 5 A*-C GCSEs (inc English and Maths) (NI 101)** Annual 2011-12	n/a		20.00
LIS 12: % of persons in school years 12-14 who are NEET (NI 117) Full Year Apr 12 to Mar 13	0.9		4.51
LIS 13: % of social care clients receiving Self Directed Support (NI 130) Full Year Apr 12 to Mar 13	78.0		64.86
LIS 14: % of carers receiving needs assessment or review (NI 135) Full Year Apr 12 to Mar 13	n/a		35.43
LIS 15: % of care leavers in employment, education or training (NI 148) Full Year Apr 12 to Mar 13	n/a		64.38
LIS 16: % of working age people on out of work benefits (NI 152) Snapshot - Aug 12	4.7		11.19
LIS 17: number of households living in temporary accommodation (NI 156) Snapshot - Mar 13	14		1219.03
LIS 18: number of homeless applications accepted (LIS 18) Rolling year Apr 12 to Mar 13	24		472.82



Guidance notes

a. The diamond represents performance for your chosen borough. To the right of the black bar represents better than average performance, to the left represents lower than average performance.
b. Lower than average performance does not necessarily imply poor performance, and vice versa.
c. ** This denotes there are fewer than 16 returns for that indicator.
d. Please note that the national comparator measure does not necessarily relate to the same time period as borough data. Please see 'explanations' for further information.
e. (a) this denotes that for data procured by London Councils, the borough submitted their own data instead.
f. Blue font indicates a procured data item.

Quality of the environment	Value	Better performance	Group Average
LIS 19: kg of residual waste per household (NI 191) Full Year Apr 12 to Mar 13	389		494
LIS 20: % of household waste sent for reuse, recycling & composting (NI 192) Full Year Apr 12 to Mar 13	37.3		35.1
LIS 21a: % of land that has unacceptable levels of litter (NI 195a) Most recent survey	2.2		5.3
LIS 21b: % of land that has unacceptable levels of detritus (NI 195b) Most recent survey	0.8		7.2
LIS 21c: % of land that has unacceptable levels of graffiti (NI 195c) Most recent survey	0.3		3.6
LIS 21d: % of land that has unacceptable levels of fly posting (NI 195d) Most recent survey	0.8		1.3

Interest to the public	Value	Better performance	Group Average
LIS 22: % of council tax collected (BVPI 9) Full Year Apr 12 to Mar 13	99.5		96.5
LIS 23: % of non domestic rates collected (BVPI 10) Full Year Apr 12 to Mar 13	98.6		97.5
LIS 24: average sickness days per FTE (2010-11 Q4 onwards excludes school staff) (BVPI 12) Rolling Yr Apr 12 - Mar 13	7.6		7.6
LIS 25a: % of minor applications determined within 8 weeks (NI 157b) Full Year Apr 12 to Mar 13	69.8		68.4
LIS 25b: % of 'other' planning applications determined within 8 weeks (NI 157c) Full Year Apr 12 to Mar 13	72.8		80.2

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SAVINGS SCHEDULE
(as at 22nd July 2013)

Notes:

	Savings shown are not cumulative – they indicate the savings achieved/anticipated in each year, compared to a base year of 2009/10 for most items.
	Forward figures are at current prices. They should only be inflated if inflation increases are to be provided in future years.

Table 1: Phase I Savings - all funds	2012/13 £000	2013/14 £000
Street Cleansing	581	581
Trade Waste	334	334
Public Conveniences	143	143
Unaccompanied Asylum Seeking Minors	50	50
HR Review (phases I and II)	300	300
IS Shared Services	428	428
Chief Officer Budget Reviews 2009	2,645	2,645
Barbican Estate Car Parks	197	197
Telecoms	77	77
Security Contract	50	50
Cleaning and Window Cleaning Contract	150	150
PP2P net (cost)/savings	(1,941)	1,170
Sub-total	3,014	6,215

Table 2: 2011/12 Budget Reductions	2012/13 £000	2013/14 £000
Departmental reductions 2.5%	3,880	3,880
Departmental reductions 10%	13,696	14,035
Museum/LSO/LSSO	800	800
New Homes Bonus (note 1)	268	372
Departmental reorganisations (note 2)	134	345
Central Market rents/Service Charges	0	1,000
Golden Lane Leisure Centre		
Contract	40	119
Academies support post	(39)	(39)
One-off costs of change	(300)	0
Sub-total	18,479	20,512

Table 3: 2013/14 and 2014/15 Budget Reductions	2013/14 £000	2014/15 £000
All funds - Departmental reductions 2%	664	2,460
City Fund - Departmental reductions 2%	465	1,598

Notes:

1	Receivable for six years and be adjusted year on year for net additional dwellings
2	Full year impact: £550,000 (from 2014/15)

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Agenda Item 6

Committee(s): Efficiency and Performance Sub Committee	Date: 06 November 2013
Subject: CIPFA VFM indicators 2011/12	Public
Report of: The Chamberlain	For Information
<u>Summary</u>	
<p>This report outlines the movement in the CIPFA Public Sector Corporate Services VFM Indicators for Finance between 2011/12 (the latest available statistics) and 2010/11. It also outlines the CIPFA VFM Indicators for HR, Legal Services and Democratic Services.</p> <p>The comparator base used is London Boroughs and large Metropolitan Councils/Unitary Authorities.</p> <p>Overall Finance, HR and Legal Services score well on embedding modern practices and on impact in the organisation. However, all three departments are relatively high cost compared to the local authorities in the comparator group due to the nature of our corporate structure, the mix of work undertaken and the strategic prioritisation of activities that local authorities have cut back on, such as training. The Democratic Services benchmarking Club report highlights the large number of Members in the City, and the consequent large number of formal committees. The printing costs of Committee reports are high, although staff costs per Member and training costs per Member are well below the average.</p> <p>Going forward, the Chamberlain is focused on securing further efficiencies through process re-engineering and system improvements, improving the financial management information to service users, ensuring appropriate professional development of staff and considering how to benchmark costed activities as part of the service based reviews.</p> <p>The Comptroller and City Solicitor's focus on improving efficiency is mainly through better demand management, but also exploring possible shared service arrangements where practicable.</p> <p>The Director of HR is focusing on a number of areas going forward, including ways to buy cheaper through the PP2P HR category board and the use of the CLPS, doing things differently for instance merging some training services with IS, and reviewing the return on investment in training to ensure we can demonstrate value to the organisation.</p> <p>The Town Clerk's Department is working to reduce the number of reports that are printed, and encouraging a more succinct writing style, to further reduce the number of printed pages produced. There are plans to produce a more comprehensive training programme, with may increase the overall spend per member.</p>	
Recommendation: That Members note the report.	

Main Report

Background

1. Members have previously been presented with the CIPFA Public Sector Corporate Services VFM Indicators for the Finance function 2010/11 and were keen to be updated with changes in data in this area. Comparators were difficult to establish last year with so few London Boroughs submitting data. This year participation is much improved with the following bodies included in the comparator base: Barking, Barnet, Hackney, Harrow, Havering, Lambeth, Newham, Redbridge and Waltham Forest.
2. The CIPFA Finance data for 2011/12 is now available and is presented in Appendix A. The report has been analysed and compared with the previous year's submission to monitor changes and identify any areas of continuing concern.
3. This year we have also submitted returns for HR, Legal Services and Democratic Services, which include data for 2011/12. These reports are set out at Appendices B, C and D. The Comptroller and City Solicitor, the Director of HR, and the Deputy Town Clerk have been consulted as part of the analysis.

Finance

4. The Public Sector Corporate Services VFM Indicators for Finance Services in 2011/12 compare the City Of London Corporation data with nine London Boroughs. The key messages from the analysis are:
 - Although the City still appears expensive on elements of the economy and efficiency indicators the position has improved from last year;
 - Many of the secondary indicators around the efficiency of the Finance function remain as positive as they were in 2010/11, however an increase in the number of credit notes raised warrants further investigation;
 - Best practice organisations ensure that the totality of their spend is allocated against outputs, supported by key metrics which measure performance with clear lines of accountability. The City, like the majority of the comparator group, has not attempted to align spend to outputs and it remains a key challenge to put in place a comprehensive suite of KPI's linked to fully costed outputs; and
 - Modern practices are well embedded compared to other authorities, although a number of these have slipped since 2011/12 and will need to be invigorated as part of the service based review.
5. Indicator FP1 relates to the cost of the finance function in relation to the size of the organisation as measured by the resources being managed. On that basis the City of London finance function is calculated to cost 1.8% of the overall organisational spend. This is an improvement on a figure of 1.9% for 2010/11 however this is still a 'red light' in CIPFA terms as it compares unfavourably with an average of 1.2%. As was set out in last year's report, the unique Committee structure of the City means that the City is always likely to

be significantly more expensive than local authority comparators. However, it is recognised that two of the main financial systems are no longer fit for purpose and replacement/upgrades to the Manhattan and Oracle systems are needed to allow efficiencies to be realised in the Finance team.

6. Given this high level of overall finance spend, Indicators FP1 (a) to (c) seek to show whether the correct proportion of the finance activity cost is allocated between transaction processing, business decision support and the cost of reporting and controls. In 2010/11 City had two red light issues in this area – the proportion of spend on reporting and control was deemed too high and the proportion on supporting business decisions was too low. Both areas are no longer considered red light issues in 2011/12 as a result of the reorganisation following the Strategic Finance Review which appears to have successfully rebalanced the Finance function towards supporting the business.
7. Many of the secondary indicators around the efficiency of the Finance function remain as positive as they were in 2010/11. The cost of Customer Invoicing per customer invoice, the number of Debtor Days, the cost of accounts payable per accounts invoice processed, and the % of invoices paid within 30 days are all within the top quartile of London local authority comparators.
8. However, one area of concern is Indicator FS5 which relates to amount of credit notes raised as a % of total customer invoices raised. This figure was 6.4% in 2010/11 and in 2011/12 this increased to 7.8%. While this is below the London average of 9.1% it is an area that needs further investigation. This statistic indicates the accuracy of invoices raised and we should be aiming to see a year-on-year reduction in the percentage achieved in this area.
9. FS 6 shows the cost of accounts payable to be high when compared to the group. However this is pre- establishment of the City of London Procurement Service, which we expect to make efficiencies in this area. The payroll admin cost per employee also appears high compared to the Group.
10. Indicator FP4 relates to the % of the organisational expenditure for which there are fully costed outputs which are measured by key performance indicators and for which a named individual is accountable. High performing organisations are likely to ensure that the totality of their spend is allocated against outputs, supported by key metrics which measure performance with clear lines of accountability. The City has not attempted to outline spend to outputs in the past and it remains a key challenge to put in place a comprehensive suite of KPI's linked to fully costed outputs. This could be an area that any potential service level review could look at.
11. Indicator FS1 sets out the % of finance staff that are professionally qualified. The City of London figure remains at close to one-third which is below the average of 34.7% however a renewed professional training and development programme has recently been introduced that should see this mix change in forthcoming years. Also a number of final stage trainees are expected to pass their exams shortly which will improve the position.
12. Indicator FS8, the percentage of outstanding debt that is more than 90 days old from the date of the invoice, remains well below the average of 36.9% but has increased from 10.1% in 2010-11 to 12.3% in 2011-12.

13. During 2011/12 no User Satisfaction surveys were carried out as it was a period of significant reorganisation and change. However targeted surveys have been carried out during 2012/13 for CLPS, IS reorganisation and feedback sought from the Strategic Finance Review user group. The results from these surveys have been reported separately to members as part of the on-going project management arrangements.
14. The City also scored very well for using modern finance practices as set out in Indicator FP7 with a score of 8 out of 10. However, a number of these indicators are dropping off and require reinvigoration:
 - A rolling programme of reviewing and benchmarking the organisation's costs.
 - Budget holders can have on-line real-time insight into the status of their budgets using CBIS, but not many use the facility due to the complexities of the system. The Finance Leadership Group has delivered monthly budget bursting to budget holders and is currently refining a 'money dashboard' for senior officers. Better real time management information is a key requirement in the Oracle 12 upgrade.
 - Needs based budgets based on activity levels are prepared for some departments but not for all.
15. Of the indicators not currently embedded, the customer satisfaction questionnaire is referred to above and FMP 10 on a comprehensive development programme for Finance staff, ensuing at least five days of continuing professional development, will be pursued through the department's training committee.
16. The Chamberlain is focused on a number of areas going forward, securing further efficiencies through process re-engineering and system improvements, improving the financial management information to service users, ensuring appropriate professional development of staff and considering how to benchmark costed activities as part of the service based reviews.

Legal Services

17. The Public Sector Corporate Services VFM Indicators for Legal Services in 2011/12 compare the City Of London Corporation data with 23 Unitary local authorities. The key messages from the analysis are:
 - The City appears expensive on the economy and efficiency indicators;
 - The legal services provided by the Comptroller and City Solicitor are very highly regarded; and
 - Modern practices are well embedded.
18. There are four main indicators relating to the economy and efficiency of the legal service and the City of London is in the most expensive quartile for each.
 - The Indicator LS1(a) expresses the cost of the legal services function as a percentage of organisational running costs. The City of London percentage of 0.92% is almost double the average.

- Indicator LS1 (b) is very similar but compares costs net of income as a percentage of organisational running costs. Again the City figure of 0.81% is almost double the average.
 - Indicator LS5 sets out the cost of the legal function per employee - the City figure of £1,414 is nearly triple the average of £509.
 - Indicator LS8 sets out the cost per hour of providing legal work. The City figure of £1111 is again in the top quartile compared to an average of £65.
19. Clearly by any measure the in-house City service appears to be more expensive than the comparator group of in-house local authority teams. However, the nature and range of legal services required by the City and provided by the Comptroller and City Solicitor are very different from those required by London Boroughs.
 20. Roughly a third of the Department's lawyers are deployed to undertake commercial property work and they are expected to deal on equal terms with partners in City Law firms. Similarly the planning law team deal with complex and high value developments on a day to day basis. The Department also has a much higher number of lawyers specialising in public and administrative, electoral and charity law than the Boroughs due to the City's unique and complex nature. On the other hand, the Department has no specialist lawyers dealing with social services (child protection and adult social care) or maintained schools whereas London Boroughs all have sizeable teams devoted to such areas.
 21. The nature of the work means that the Corporation needs to recruit and retain first class lawyers. The commercial and/or highly technical nature of the work means that the Corporation needs to offer higher salaries than London Boroughs to attract the right talent. Commercial law traditionally has higher salary levels than child protection and social care law.
 22. Our geographic proximity to the major law firms and the nature of the work means that the Department is competing with the City practices as well as local government for the best lawyers. Retaining appropriately qualified and experienced staff is one of the main risk factors on the Department's risk register.
 23. Looking at the drivers underpinning the cost of legal services, the highest cost is employee costs and this is further supported by the LS5 indicator on cost of the legal function per employee. Rates are also high for the cost per hour of providing legal work (LS8). However when compared against known benchmarks, for example the average hourly rate given in the Bromley framework of £85-£280 and the London Boroughs Legal Alliance of £100-£245, the City compares very favourably with a rate of £50-£120. Private sector hourly rates for the type of casework undertaken are in the region of £200 to £400 plus for an experienced practitioner. The Department thus compares very favourably with private practice in terms of value for money and quality.
 24. The City's costs are also driven by its location in terms of the accommodation costs and by the high level of investment in training and development as part of the recharge from HR.

25. Staff numbers have been reduced from 72 in 1989 to 54. Over that time the demand for legal services has increased, particularly in relation to employment, procurement, information law and planning. The Comptroller's focus on improving efficiency is mainly through improved demand management and procurement of external lawyers (when used) through properly tendered framework agreements.
26. The Department is also considering whether opportunities exist for further income generation (above the £600k currently generated mainly from property developers and s106 funds) and areas where shared services might be appropriate. However, opportunities for shared services are limited as it depends on developing excess capacity in the specialist fields practised.
27. The level of satisfaction with the legal service is very high as shown by Indicators LS3(a) and LS3(b). The City also holds the LEXCEL Quality Assurance accreditation and the LS4 indicator concerning use of Modern Practices in the City scores 10 out of 10.

Human Resources

28. The Public Sector Corporate Services VFM Indicators for Human Resources in 2011/12 compare the City Of London Corporation data with eight London Boroughs. The key messages from the analysis are:
 - The City appears expensive on the economy and efficiency indicators;
 - The City invests in employees development, has low sickness rates and staff turnover; and
 - Modern practices are well embedded.
29. There are two main indicators relating to the economy and efficiency of Human Resources:
 - Indicator HRP1(a) sets out the HR cost as a percentage of organisational running cost. The City of London figure of 0.74% is below the average of 0.87%.
 - Indicator HRP1(b) calculates the overall HR cost per FTE. Against this measure however, the City is in the most expensive quartile with a figure of £1,247 compared to an average of £1,032.
30. There are number of factors influencing the high cost of the service. The make-up of the City is unusual in that the HR department has to respond to customers such as COL Police, the Barbican and the three schools who all have differing needs and expectations. Furthermore, there was a strategic decision to keep the level of investment in training and development at a high level, albeit with a significant rationalisation in how this training is delivered.
31. The department is going through a process of change and in 2011-12 was just at the point of unifying HR functions and staff that had previously been held in service departments. This has been followed by a second stage of rationalisation and staffing budget reduction

32. The Cost of agency staff as a percentage of the total pay bill as set out in Indicator HRS2 was 8.4% against an average of 7.5% however this reflects a period when there was a freeze on permanent recruitment. The cost of recruitment per post filled of £1,460 compares favourably with the London average of £1,712.
33. There are favourable responses in terms of the Impact of the HR function.
- Indicator HRP3 shows the City to be above average for investing in employees' development.
 - Staff turnover, as shown by Indicator HRP4, is 7.1%; nearly half the London average. However, low staff turnover may not necessarily be a good thing as it can reflect a 'stagnant' organisation so this does require careful monitoring.
 - Indicator HRP5 shows the average working days per FTE lost annually through sickness at 7.1 to be below the average of 8.8; however this has now improved to 6.8 as a result of initiatives such as the Sickness Absence Review Group- which was established to support line managers in the formal sickness processes.
 - 100% of staff have an annual face to face appraisal compared to an average of 76% across London Boroughs.
34. Also within the impact section there are indicators which look less favourable. HRS4 shows the elapsed time from a vacancy occurring to the acceptance of a post, with 87 days against an average of 67.9. However in 2011/12 the City was actively pursuing a policy of reviewing each vacancy as it arose to ensure necessary economies could be secured. This scrutiny process would have delayed usual recruitment times. HR intend to develop a dashboard in the future to monitor such performance indicators.
35. There are a number of indicators which relate to the equality and diversity agenda- HRS10 to HRS13. These indicators are regularly monitored by Establish Committee and so no comment is made in this report.
36. During 2011/12 no User Satisfaction surveys were carried out as it was a period of significant reorganisation and change. Such surveys are planned for the future.
37. The City also scored very well for using modern HR practices as set out in Indicator HRP7 with a score of 9 out of 10. The HR department continues to receive Investors in People accreditation, which a number of other local authorities have been unable to maintain.
38. The department is focusing on a number of areas going forward, including ways to buy cheaper through the PP2P HR category board and the use of the CLPS, doing things differently for instance merging some training services with IS, and reviewing the return on investment in training to ensure we can demonstrate value to the organisation.

Democratic Services

39. The Democratic Services Benchmarking Club report compares the City of London Corporation's data for 2013, with eleven London Boroughs. This data

relates to a different accounting period from the other information used in this report as the exercise to gather it took place at a later date. The key messages from the analysis are:

- The City has 125 members as opposed to an average of around 60 for the other authorities in the survey.
 - The number of formal committees and the number of directors' boards are high, but this is to be expected from the City's service based structure compared to the executive/cabinet structure operated by the comparator authorities.
 - The City generates 2.2m report pages a year compared to an average for the comparator authorities of 1.1m and printing cost per page is high.
 - The staff costs per Member and training costs per Member are well below the average of the comparator authorities
40. The governance procedures are different at the City for a good reason. The City uniquely has businesses as well as residents in its electoral base, and has 125 elected Members.
41. Overall printing costs are high for several reasons. A large number of reports are produced because of the comparatively large number of committees that are serviced, when compared to the Local Authorities in the data set. There is also extensive use of colour in the reports, causing significantly higher production costs than black and white. In addition, the costs of production of the CoL Pocket Book (circa £10k) are included in the City's total.
42. However, when looking at the cost of a standard print job (as defined by CIPFA), the City's cost is the second lowest of the comparator authorities.
43. Some work has been conducted to reduce the number of reports produced and the introduction of iPads and other IS equipment for Members will lead to a reduction in print production over time. Further work is also planned to encourage a more succinct writing style across the organisation, which will further reduce the number of printed pages produced.
44. The total costs per Member are well below average for the comparator group. The City's cost is £2,696 per Member, whilst the next lowest (Richmond) is £15,606 per Member. These figures are skewed, however, by the fact that City Members are not paid allowances. Drilling down into the direct costs element of the data set, IS support costs for members are shown to be significantly higher (£800/Member) than the London average (£172/Member). The figures used for the CoL included the full cost of providing iPads, laptops, and Blackberrys (inclusive of line costs) and broadband connectivity as well as printers and associated running costs. Also within this data set- staff costs look low; this may be because the staff servicing the scrutiny function within Local Authorities would have been included in their totals. Although Member training costs are lower than average, there is a plan to introduce a more comprehensive training programme which may increase the overall spend per Member.

45. A number of the comparator statistics are given in terms of 'per head of residential population' figures, which are clearly not directly comparable with the City. However, using a daytime population of 308,000¹ would make the City the third most populous authority in the survey, just behind Croydon (346,000) and Enfield (312,000) and above Lambeth (285,000). The City has staff costs of £537,000 budgeted for 2013/14 which while not as low as Croydon (£266,000) are better than both Enfield (£680,000) and Lambeth (584,000).
46. The City did not submit data for School Appeals (section 3 of Appendix D), Civic mayor's (or equivalent) Office (section 5), or Overview and Scrutiny (section 6).
47. The City's figure for "Key Decisions – Officers" was the highest in the comparator group. This is likely to be due to different interpretations of what to include in this category. The definition used by the City when submitting data was 'A decision normally taken by Members that is processed either under urgency rules or as a delegation.

Background Papers:

VFM indicators - economy of finance unit reported to 3rd February 2012 Committee

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¹ This is the figure used by HMIC for the City of London Police VFM Profiles

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Public Sector Corporate Services VfM Indicators

Finance

2011/12

City of London Corporation

compared with

With Other London Boroughs

*Computed and printed by:
CIPFA Business Ltd
3 Robert St, London, WC2N 6RL
Tel: 020 3117 1840*

Preface

The UK Audit Agencies (Audit Commission, NAO, Audit Wales, Audit Scotland and Northern Ireland Audit Office) combined together to develop a set of indicators to measure the value for money of support services across the public sector. KPMG, with CIPFA as a partner, was appointed to undertake the research and development work and the Audit Agencies published their report in May 2007.

The functions covered by the VfM indicators (Communications, Finance, HR, ICT, Legal, Estates Management and Procurement) have been identified by the Government as a priority area for securing efficiency improvements and releasing resources for use in delivering front-line services. Although the Audit Agencies were keen for public sector bodies to use the indicators, they decided not to offer a benchmarking service themselves. CIPFA has therefore undertaken to provide this service to the public sector.

I hope that you find the enclosed information useful, and more importantly that you use it in the spirit in which it is intended; this is a tool to help you take a view on the value for money provided by your corporate support services, and provide some pointers as to how they might improve.

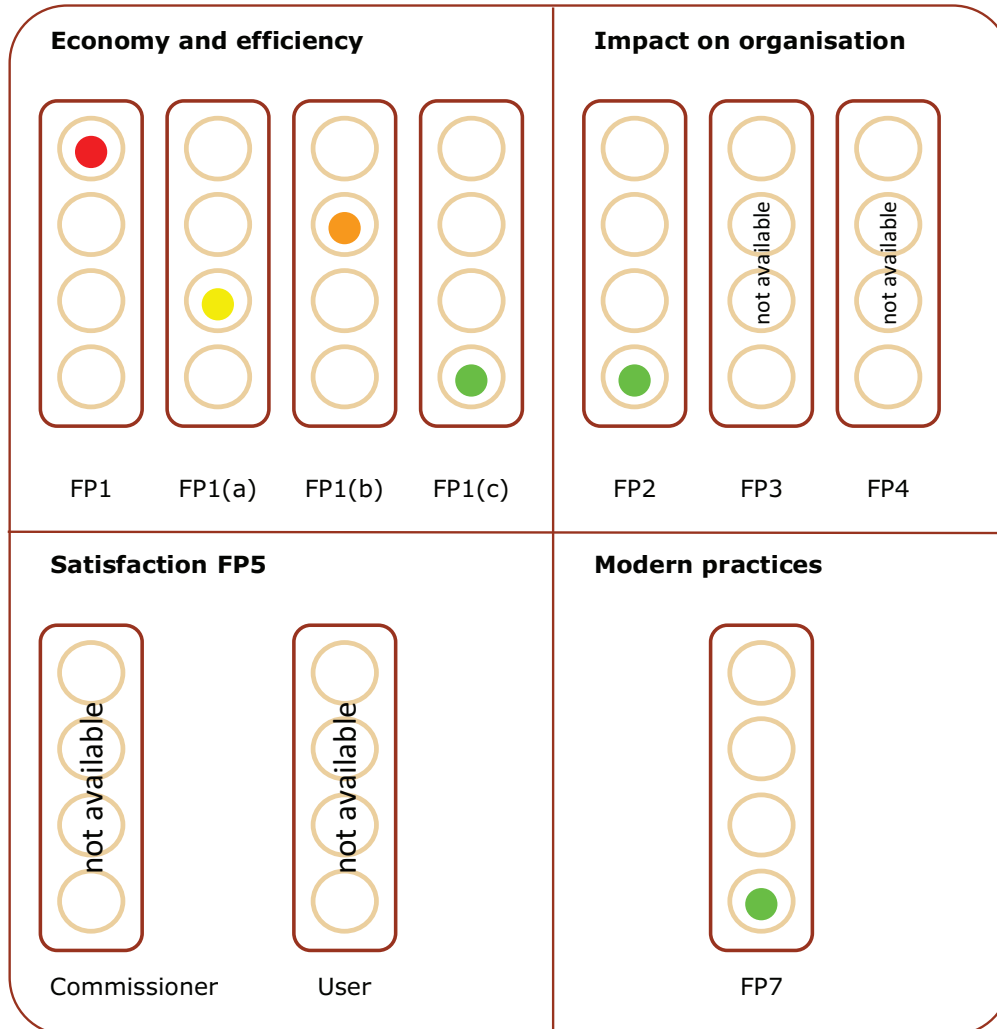
CIPFA would be more than happy to come and discuss with you potential opportunities for you to improve your services, building on the information in this report. Please do not hesitate to give John Wallace a call (0207 543 5600) if you would like to discuss this or any other matters further.

Julian Mund
Director of Markets and Product Development

RESULTS ON ONE PAGE

City of London

The Audit Agencies developed an approach to considering Value for Money for Corporate Services which had four dimensions. The overall results are shown below:



Notes:

- a green light indicates performance in the best quartile; a yellow light indicates performance between the median and best quartile; an amber light indicates performance between the median and worst quartile and a red light indicates performance in the worst quartile
- for the purposes of this report, high cost and low productivity are considered poor. However, we accept this is a generalisation and that in some circumstances organisations can choose to invest more in functions because they have under invested in the past or because they want to place particular emphasis on a function
- full descriptions of the indicators are shown in the remainder of this report
- the FP7 indicator shown for modern practices was optional for organisations using the CIPFA Financial Management Model

Section 1 - ECONOMY AND EFFICIENCY

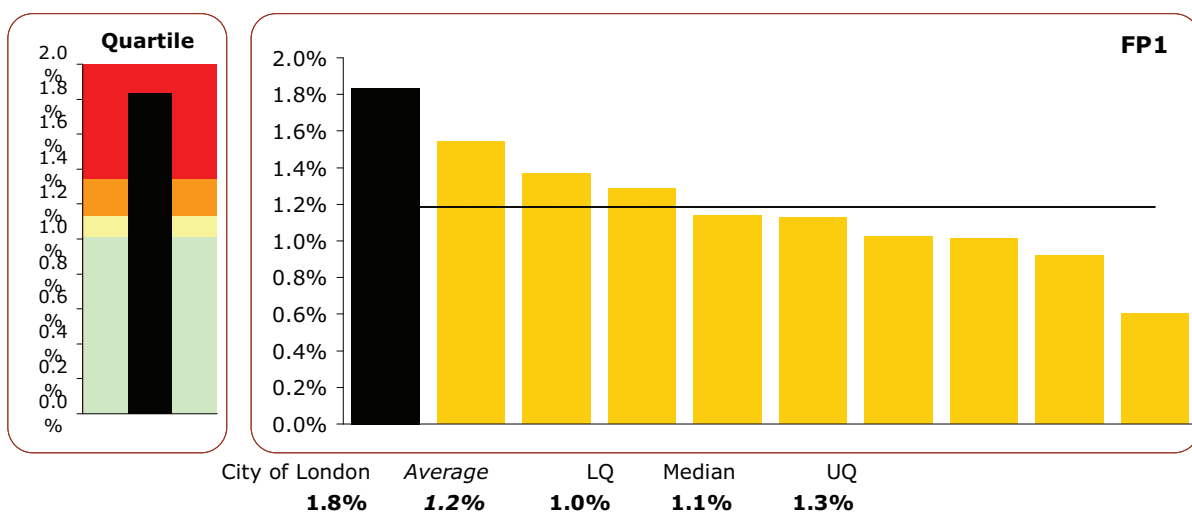
FP 1 Cost of the Finance function

Rationale and expected impact on behaviour

A standard and commonly used indicator that seeks to establish whether the costs of running the finance function are in proportion to the resources that are being managed. Measurement of the total cost of the finance function as a percentage of overall spend allows management to monitor closely the finance cost of their organisation and could be used to track trends across any given time-frame. Measurement of the cost of transaction processing and business decision support enables organisations to understand the resources devoted by finance on 'value added' activities as a proportion of finance cost.

Over time, organisations should expect to reduce expenditure on transaction processing as a percentage of the total cost of the finance function. Similarly they should expect to increase the percentage of the total cost of the finance function spent on business decision support.

FP1 Finance function cost as % of organisational running costs



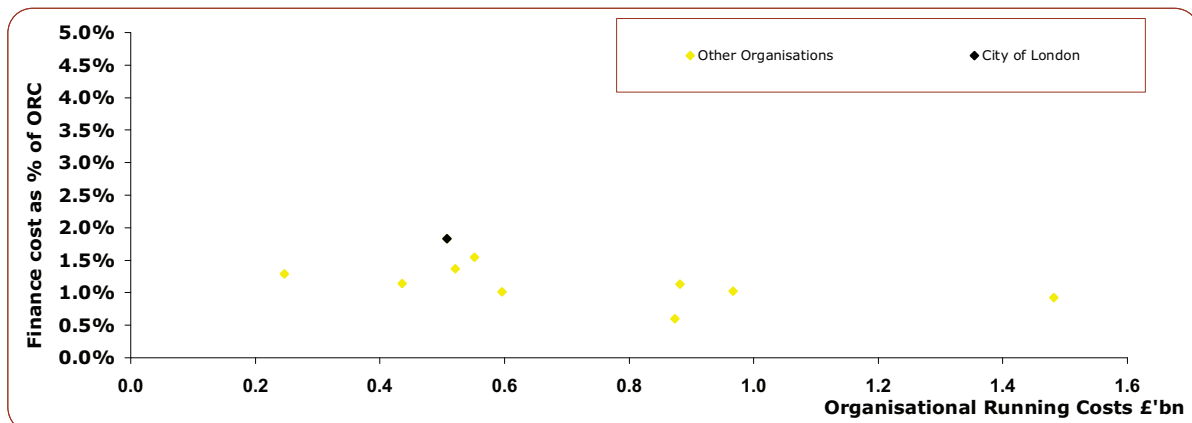
Cost of Difference

This shows the monetary value represented by the difference in percentage from the median (and lower quartile). Favourable variances are shown as negative figures.

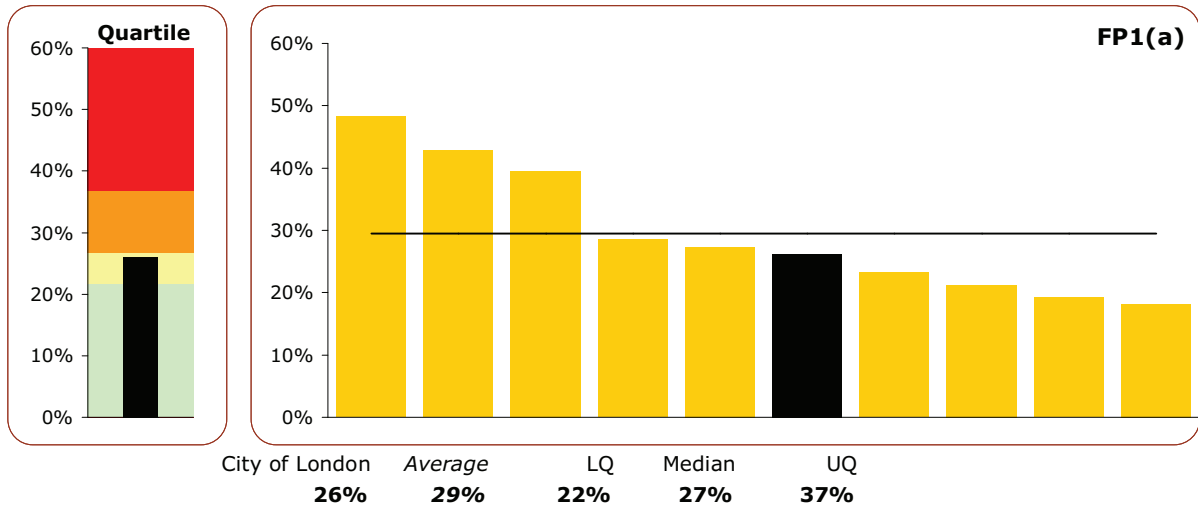
From median (£'000) **£3,552** From lower quartile (£'000) **£4,150**

Economies of Scale

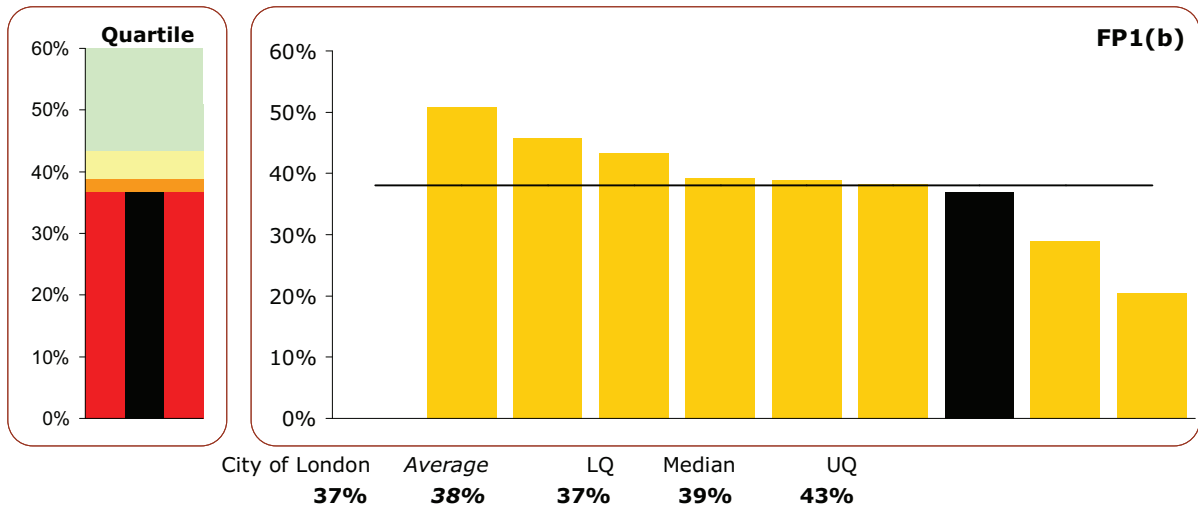
This chart investigates the relationship between cost and size of the organisation. There is some indication that very small organisations tend to use a higher proportion of their resources on the Finance function.



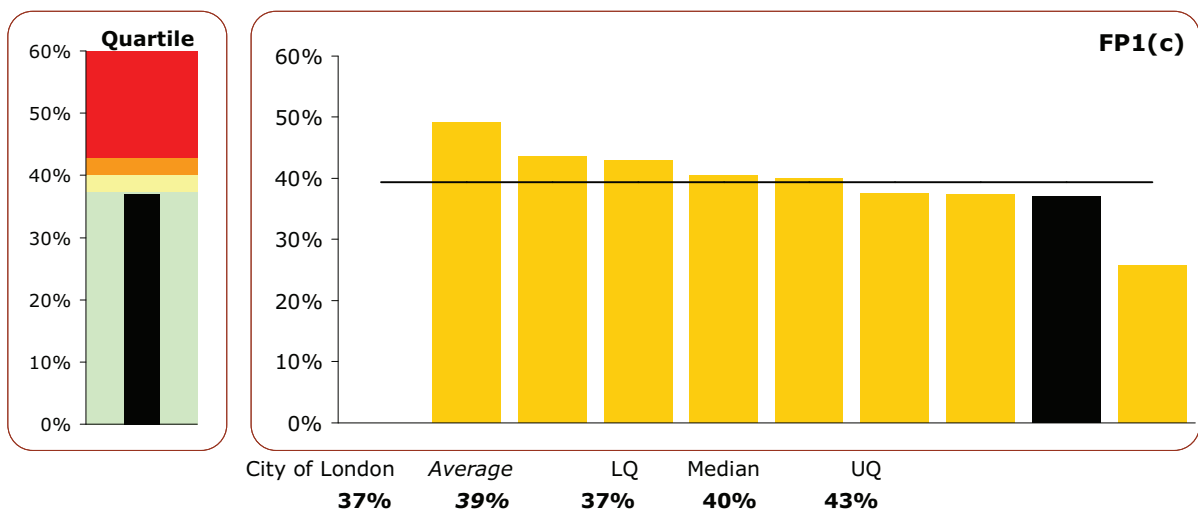
FP1(a) Transaction processing cost as a percentage of finance function costs



FP1(b) Business decision support cost as a percentage of finance function costs



FP1(c) Cost of reporting and control as a proportion of finance function costs



Finance cost/£'000 Organisation running costs 2011/12

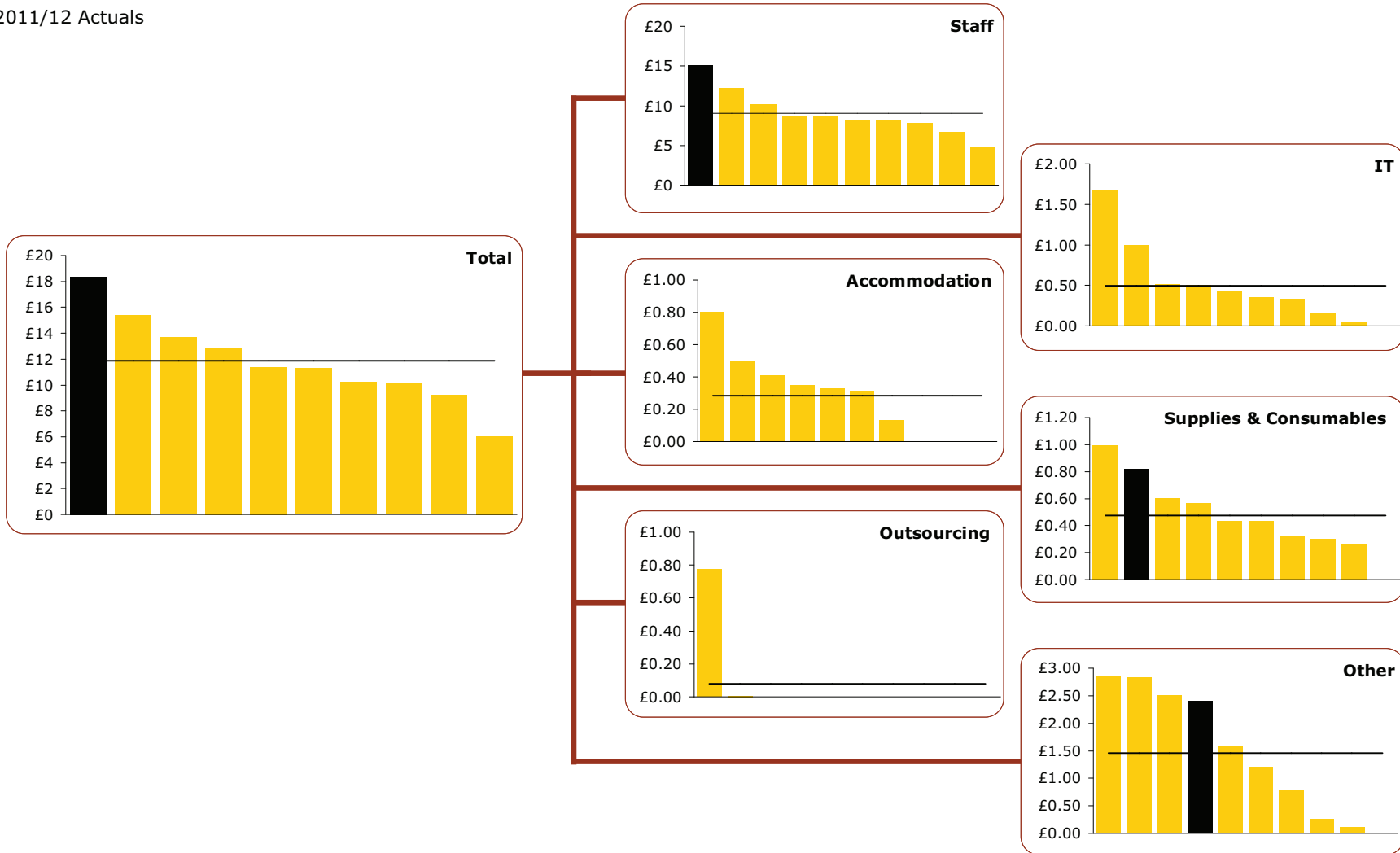
For each benchmark two figures are given, the first being the organisation's cost and the second (in italics) is the group average.

		Costs 2011/12 (£'000)
	Staff	Staff 7,663
	£15.09 <i>£9.07</i>	IT -
	IT	Accommodation -
	£0.00 <i>£0.50</i>	Supplies & Consumables 418
	Accommodation	Outsourcing -
	£0.00 <i>£0.28</i>	Other 1,227
Total Cost	Supplies & Consumables	Total 9,308
£18.34 <i>£11.86</i>	£0.82 <i>£0.47</i>	Organisational running costs 507,655
	Outsourcing	
	£0.00 <i>£0.08</i>	
	Other	
	£2.42 <i>£1.45</i>	

Finance Cost per £'000 Organisational running costs

2011/12 Actuals

Page 39



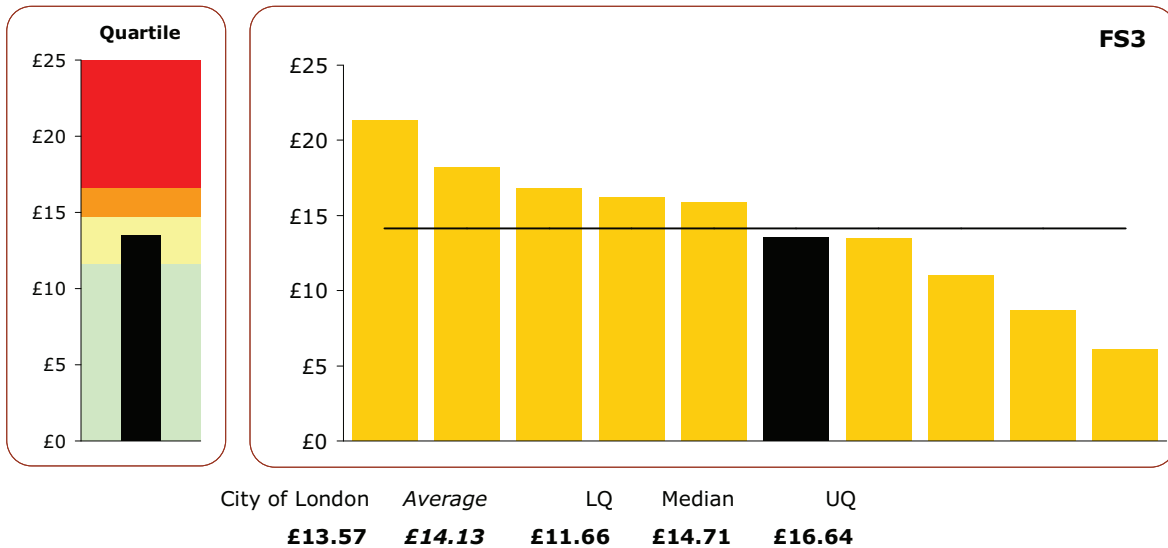
Secondary Indicators

FS3 Cost of Customer Invoicing function per customer invoice

Rationale and expected impact on behaviour

A standard and commonly used indicator that examines the efficiency of the invoicing function by identifying the cost of raising each customer invoice. Organisations should interpret achievement against this indicator alongside secondary indicators 5 (credit notes as a percentage of invoices raised) and 6 (cost of Accounts Payable per invoice processed).

In most cases organisations should aim for a period-on-period reduction in the average cost of invoice processing. This indicator could additionally suggest the minimum value for which an invoice should be raised.

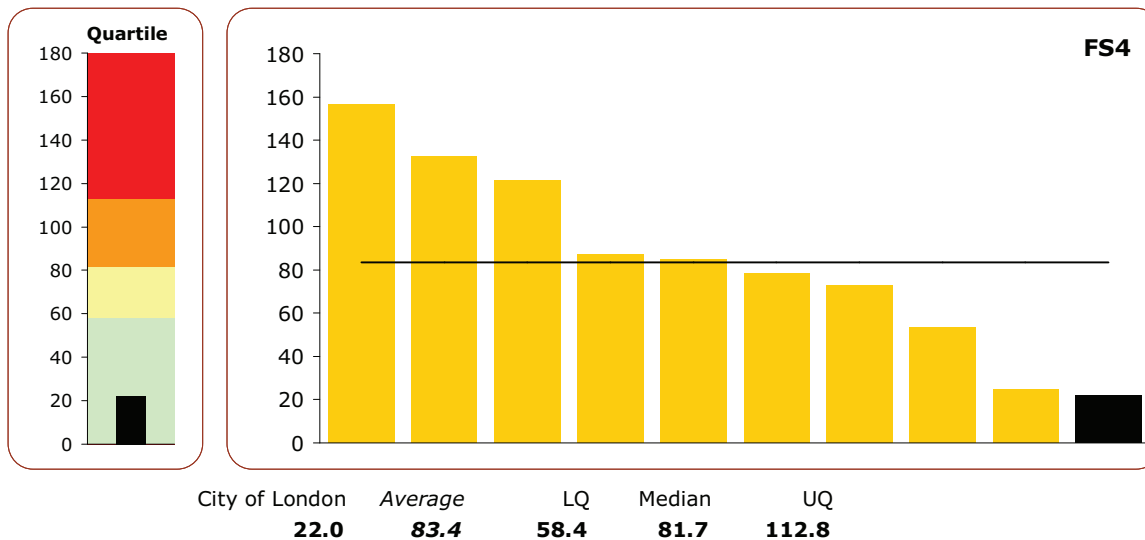


FS4 Debtor days

Rationale and expected impact on behaviour

A standard and commonly used indicator that identifies the average number of days for the organisation to receive payment for its invoices.

Organisations should aim to achieve a period-on-period reduction in average debtor days.

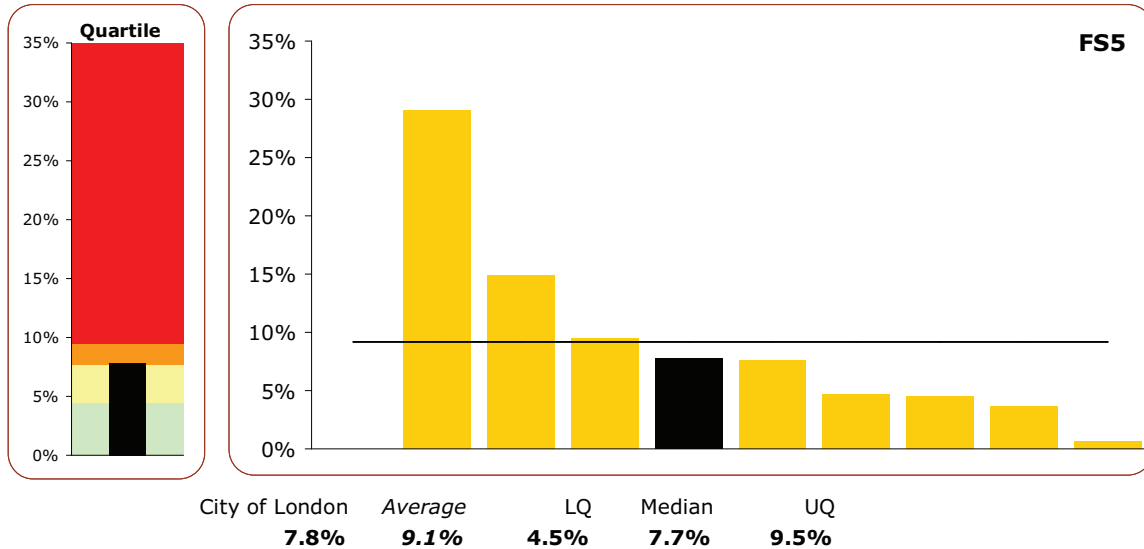


FS5 Credit notes as a % total customer invoices raised

Rationale and expected impact on behaviour

This indicator examines the accuracy of invoices raised by reviewing the number of credit notes required to make adjustments to invoices previously raised.

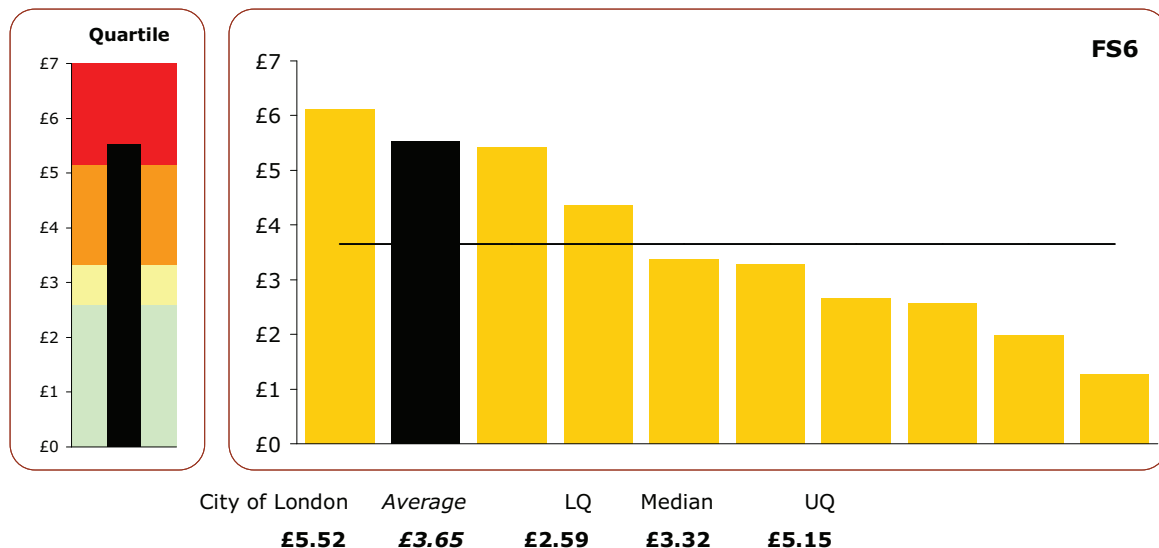
Organisations should aim to achieve a period-on-period reduction in the percentage achieved for this indicator. Organisations should interpret achievement against this indicator alongside secondary indicators 3 (cost per customer invoice processed) and 6 (cost of Accounts Payable per invoice processed). (Note: The indicator is being used as a proxy for accuracy although it is recognised that organisations may use other mechanisms to make adjustments).



FS6 Cost of Accounts Payable per accounts payable invoice processed

Rationale and expected impact on behaviour

A standard and commonly used indicator identifying the cost of processing each supplier invoice. Organisations should aim to achieve a period-on-period reduction in the cost achieved for this indicator. Organisations should interpret achievement against this indicator alongside secondary indicators 3 (cost per invoice raised) and 5 (credit notes as a percentage of invoices raised).

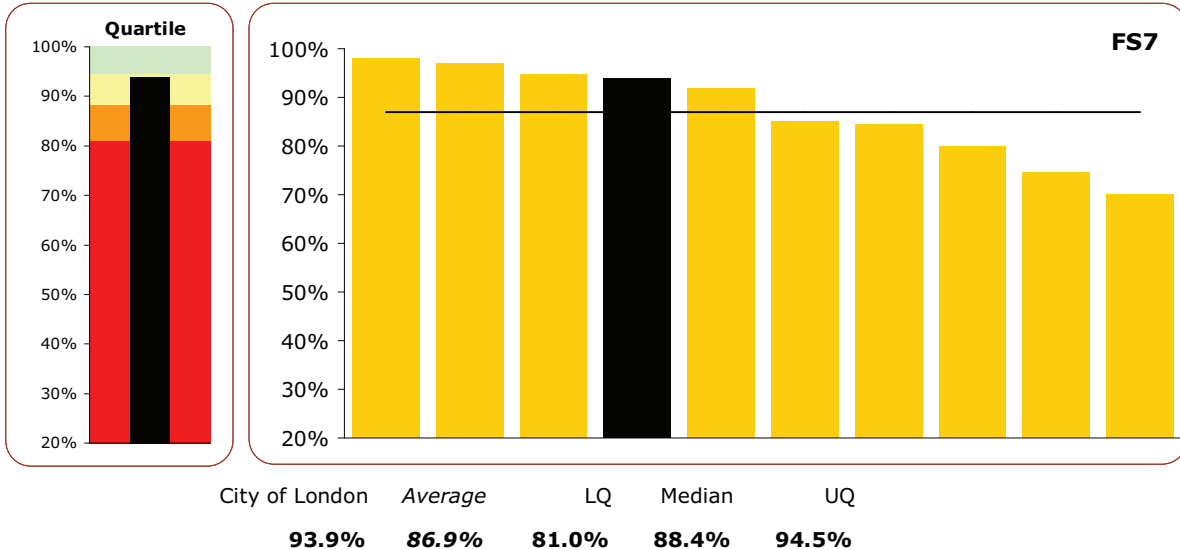


FS7 % payments made by electronic means

Rationale and expected impact on behaviour

This indicator identifies the proportion of all payments made electronically, particularly with respect to BACS and RfT1, since these methods usually offer the most effective savings of time and cost compared with manual payment systems.

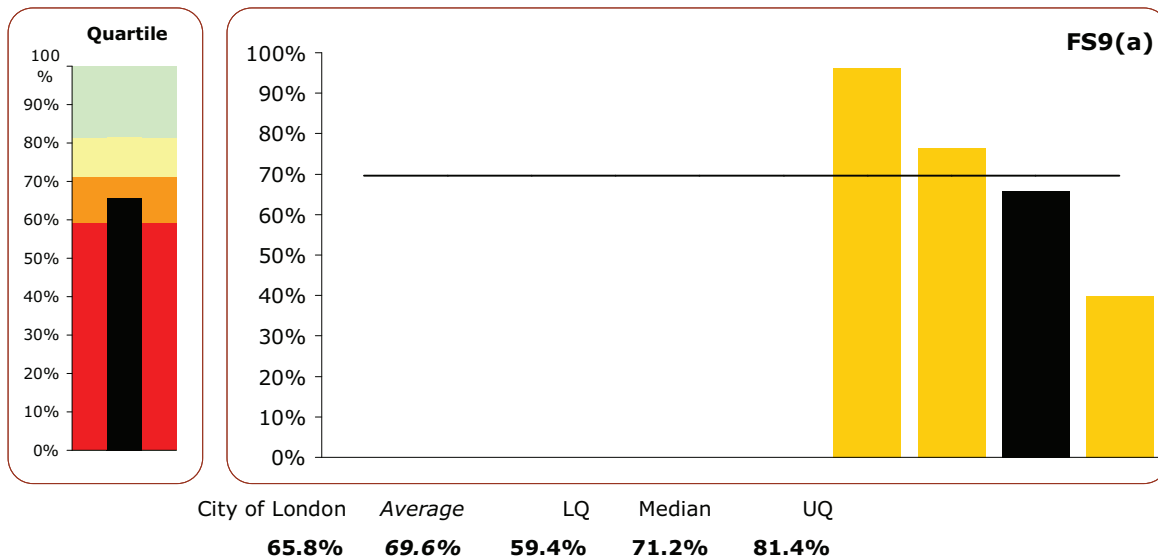
In most cases organisations would seek to achieve a period-on-period increase in the proportion of payments made electronically.



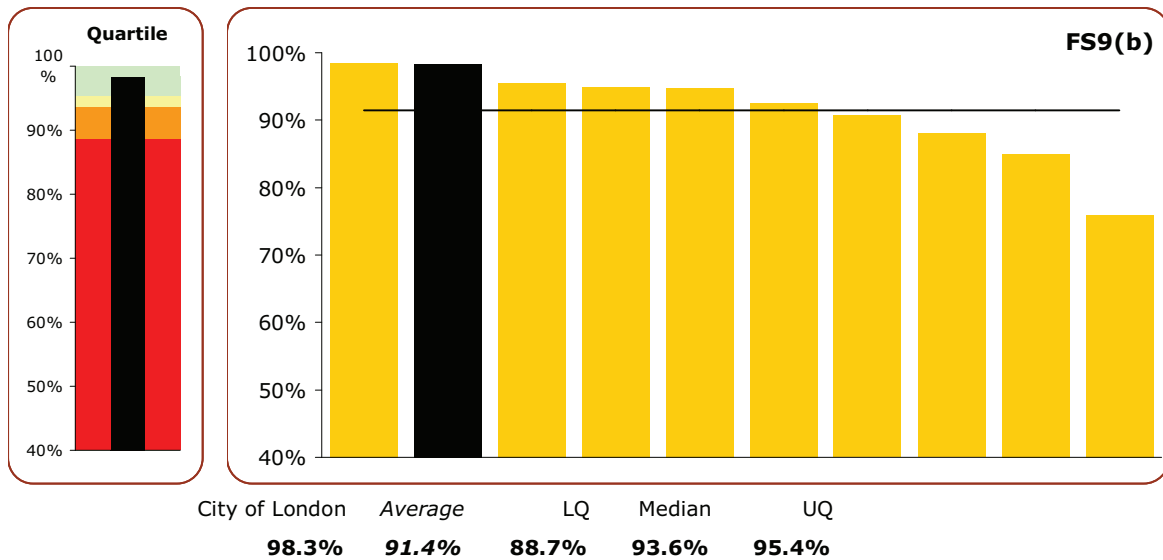
FS9(a) % invoices for commercial goods & services paid by the organisation within 10 days of receipt

Rationale and expected impact on behaviour

A standard and commonly used indicator that identifies the proportion of invoices that an organisation pays within 10 days and 30 days or within the agreed payment terms. To encourage prompt payment of invoices received. Performance should be within the appropriate prompt payment requirements.



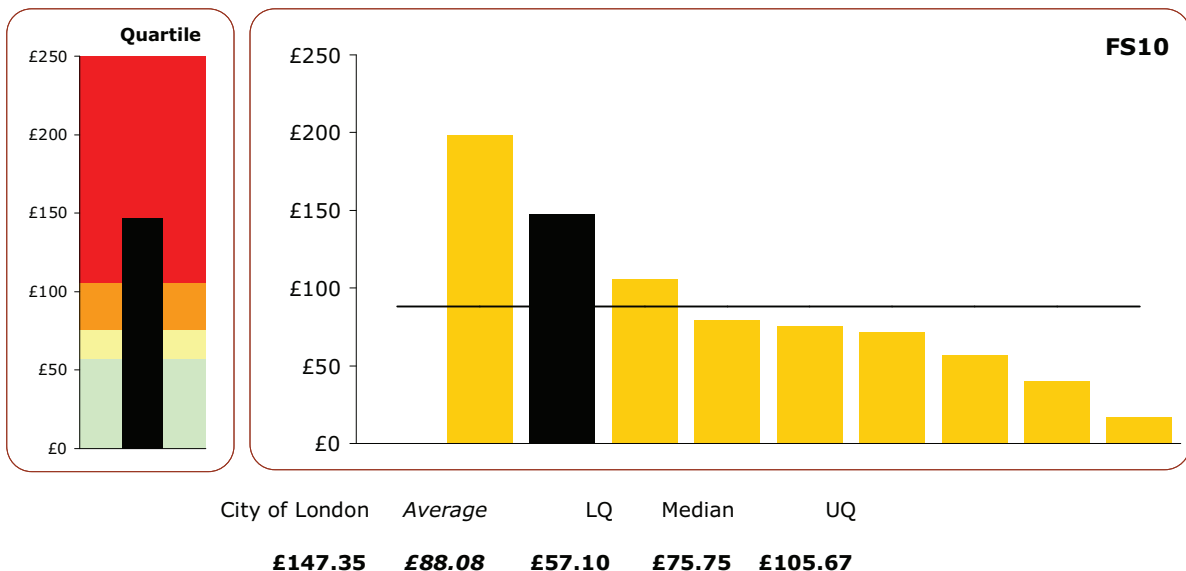
FS9(b) % invoices for commercial goods & services paid by the organisation within 30 days of receipt or within the agreed payment terms



FS10 Payroll admin cost per employee paid

Rationale and expected impact on behaviour

A standard and commonly used indicator that seeks to establish the cost of paying one single employee as an indicator of the cost effectiveness of the payroll function. In most cases organisations should aim for a period-on-period reduction in the average cost. (Note: This function may be a responsibility of HR in some organisations. In these instances the indicator should accordingly be completed by HR)



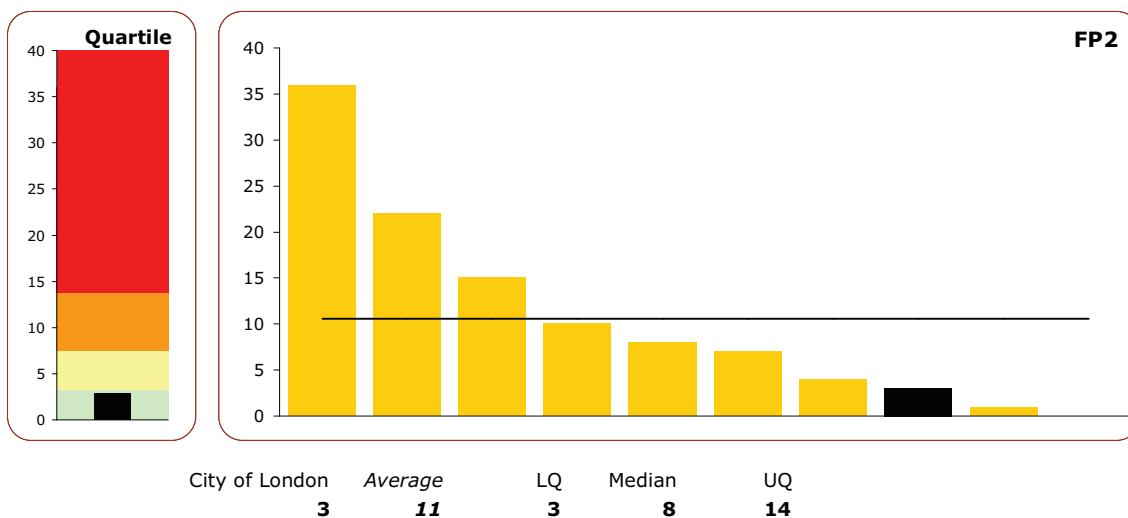
Section 2 - IMPACT

FP2 Days from period-end closure to distribution of routine financial reports to budget managers and overseeing boards and committees

Rationale and expected impact on behaviour

This indicator measures the typical number of days it takes the finance department to produce management information and so identifies the extent to which budget managers, and overseeing boards and committees, can take timely financial decisions based on up to date financial information.

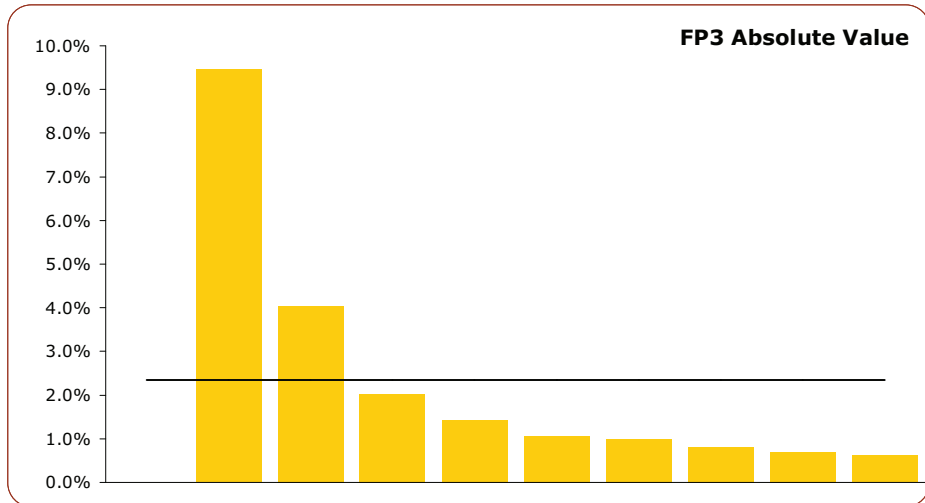
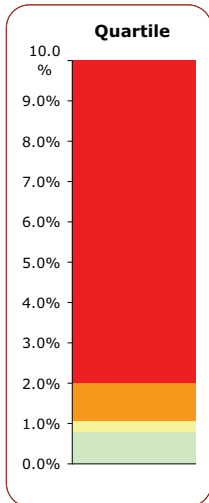
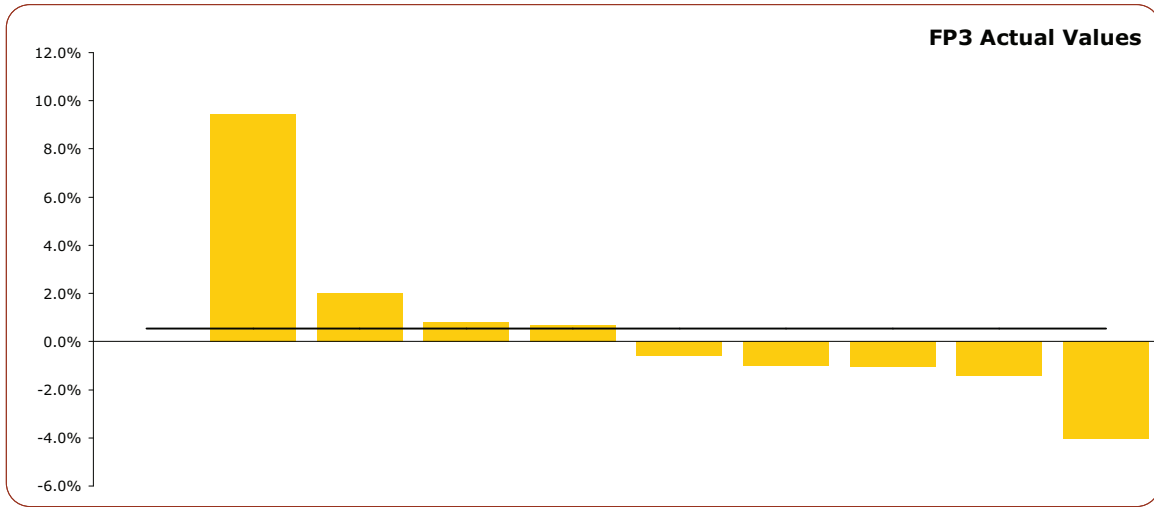
In most circumstances organisations should aim to reduce the number of working days to produce financial reports. Organisations should interpret their achievement against this indicator in conjunction with the response to the commissioner statement 'The financial information provided for financial planning and management is accurate, timely and easy to access' (contained in primary indicator 5) and secondary indicator 2(b) (which asks whether the year-end accounts were qualified by external audit).



FP3 % variation between forecast outturn at month 6 and the actual outturn at month 12

Rationale and expected impact on behaviour

This indicator assesses the accuracy of forecasting. Organisations should aim to reduce the level of variation between their month 6 forecast and the year-end outturn by improving forecasting and budgetary control.

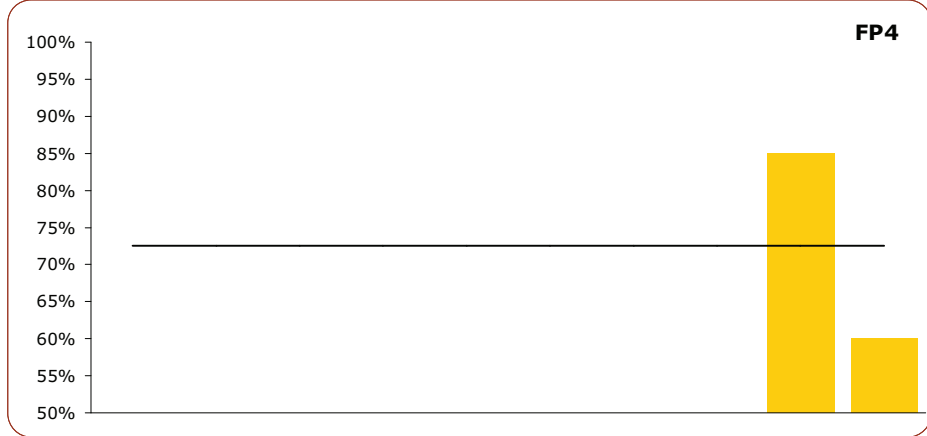
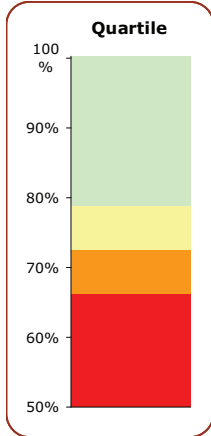


City of London	Average	LQ	Median	UQ
na	2.3%	0.8%	1.1%	2.0%

FP4 % public sector organisation spend for which there are fully costed outputs which are measured by key performance metrics and for which a named individual is accountable

Rationale and expected impact on behaviour

High performing organisations are likely to ensure that the totality of their spend is allocated against outputs, supported by key metrics which measure performance with clear lines of accountability. Over time, organisations should aim to increase the percentage of their spend that meets the criteria of this indicator.



City of London	Average	LQ	Median	UQ
na	72.5%	66.3%	72.5%	78.8%

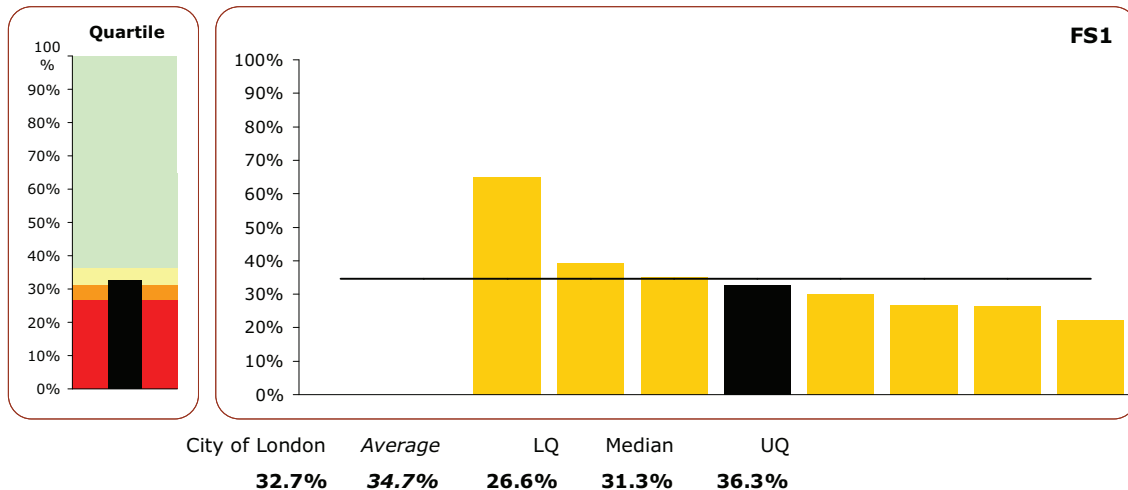
Secondary Indicators

FS1 Professionally qualified finance staff as % total finance staff (FTEs) undertaking reporting, controls and decision support processes (i.e. excludes those staff involved in transactional processes)

Rationale and expected impact on behaviour

This indicator assesses the capacity and competency of the finance department by examining the proportion of staff with a professional accountancy qualification.

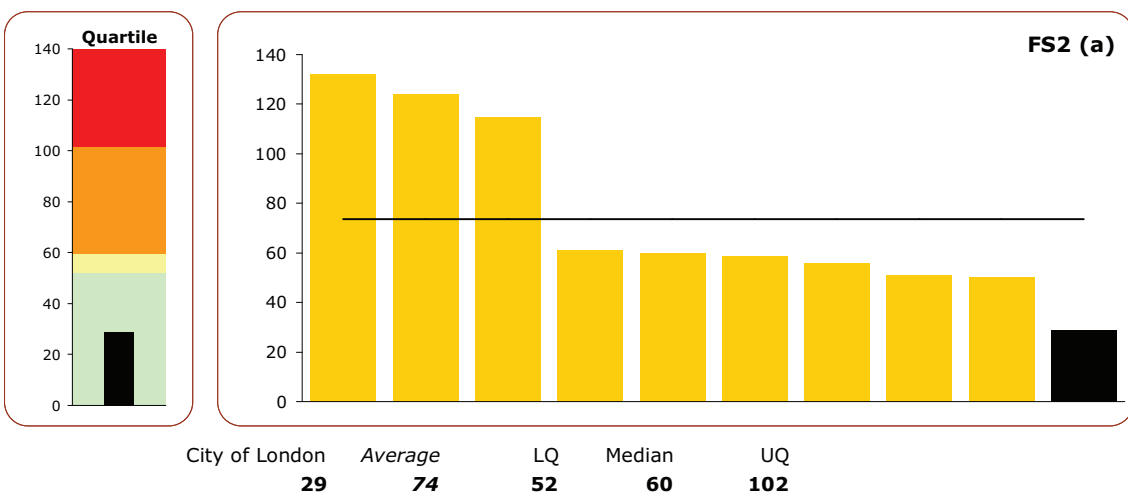
In most cases organisations would aim for a period-on-period increase in this percentage. Organisations should interpret their achievement against this indicator alongside primary indicator 5 (the commissioner and user satisfaction index) and secondary indicator 2 (the length of time necessary to produce year-end accounts and whether those accounts required qualification).



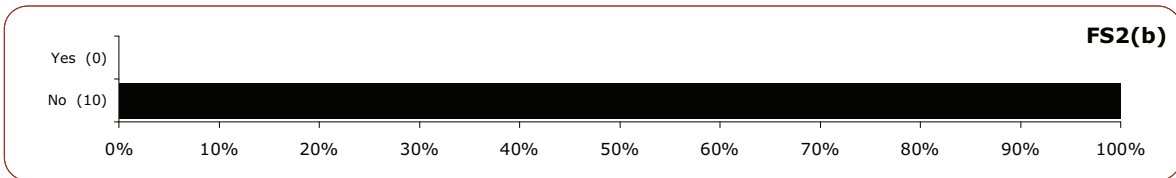
FS2 (a) Days from date of year-end to submission of annual accounts for audit

Rationale and expected impact on behaviour

This indicator examines the effectiveness of the finance function by assessing their ability to produce a timely and accurate set of annual accounts. Date of year-end to submission of annual accounts for audit varies both across organisations and sectors. It will be appropriate to compare with similar type organisations. In most circumstances organisations should aim to both reduce the number of days taken to prepare their year-end accounts and ensure that they do not require external qualification.



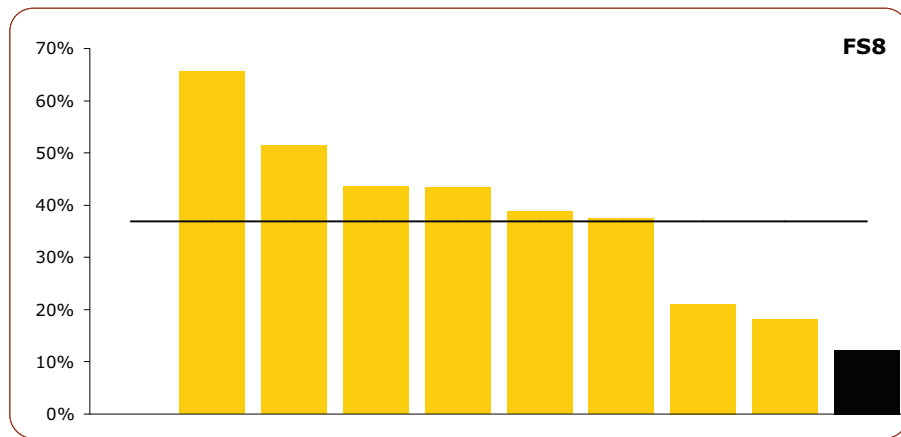
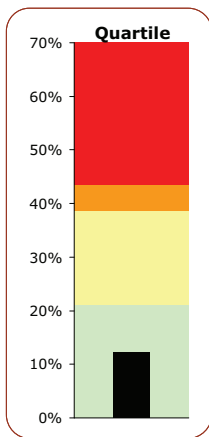
FS2(b) Was the last set of accounts qualified by external audit?



FS8 % outstanding debt that is more than 90 days old from date of invoice

Rationale and expected impact on behaviour

This indicator examines the ability of the finance department to recover outstanding debts from customers. We have adopted the commonly used 90-day credit period as the basis for the indicator. Organisations should aim to achieve a period-on-period reduction in the proportion achieved for this indicator. This indicator should be used in tandem with Secondary Indicator 4.



City of London	Average	LQ	Median	UQ
12.3%	36.9%	21.1%	38.7%	43.5%

Section 3 - SATISFACTION

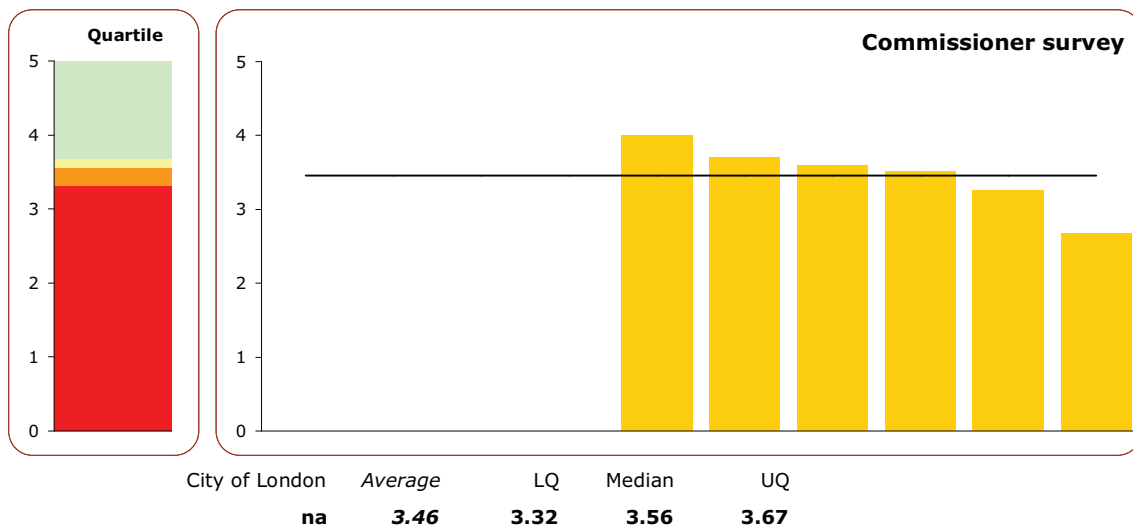
Rationale and expected impact on behaviour

This indicator examines the effectiveness of the finance function by assessing the perceptions of its commissioners and users. The indicators have been identified because they are considered to indicate whether the function communicates effectively with its commissioners and users, and is responsive to the requirements of the organisation.

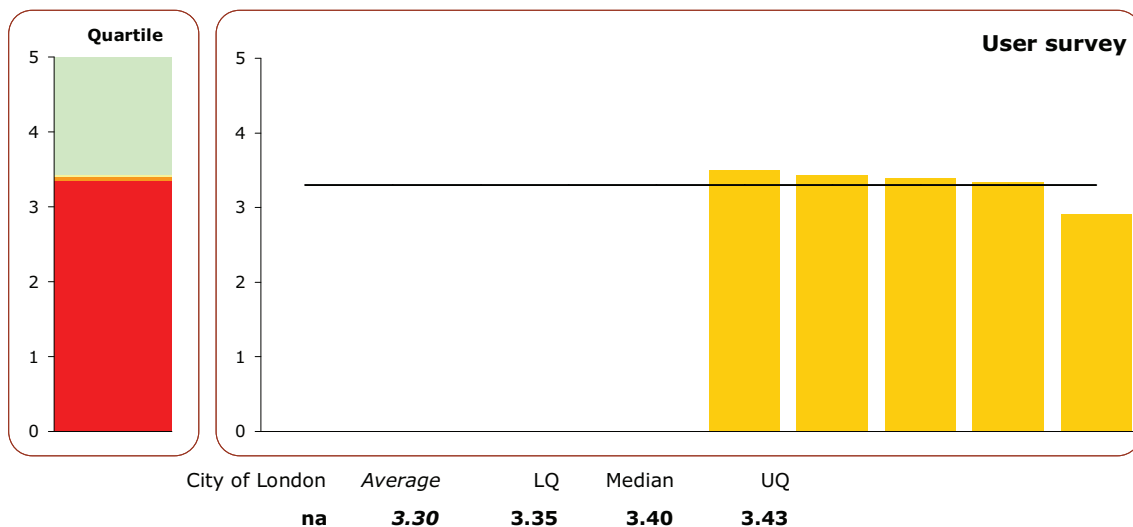
Over time, organisations should seek to increase the proportion of commissioners and users agreeing with the statements.

Please note if you are using the online surveys we will complete this section for the final reports.

FP5(a) Commissioner satisfaction average score



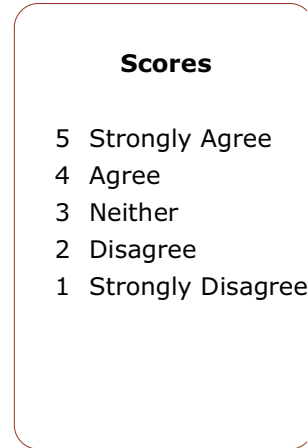
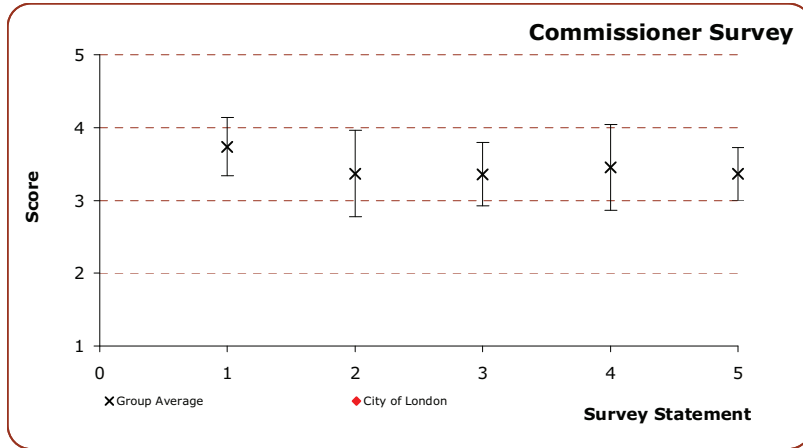
FP5(b) User satisfaction average score



Analysis of individual statement scores

These charts show the average performance scores for all participants as black x's. The black error bars show one standard deviation either side of the mean. Approximately 65 - 70% of the organisations will fall within this range. The red diamond is the average score for your organisation.

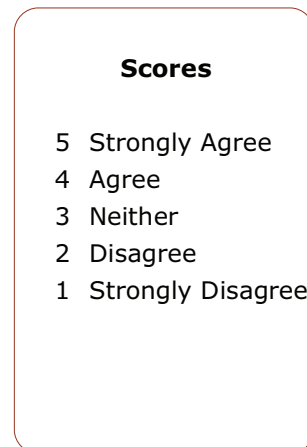
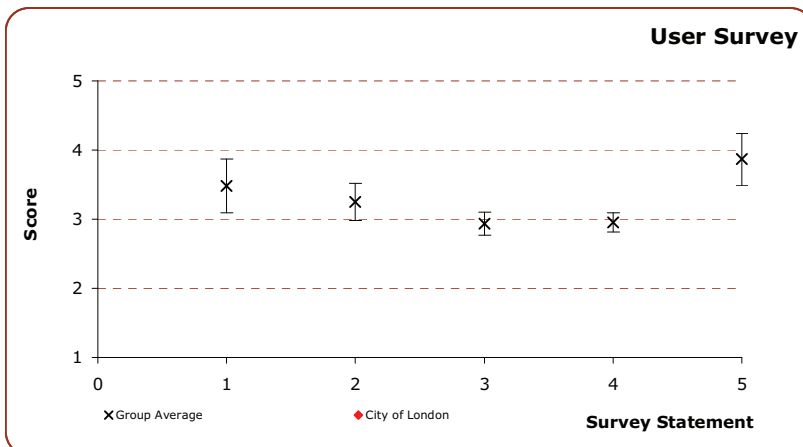
Commissioner Survey



Survey Statements

- The Finance function supports the financial implications of the organisation's strategy, policy and delivery discussions by providing effective support and challenge.
- The financial information provided for financial planning and management is accurate, timely and easy to access.
- The organisation's financial systems are secure and efficient.
- The Finance function proactively anticipates my needs.
- The Finance function provides value for money.

User Survey



Survey Statements

- Finance regularly provides the information needed to understand the level of delivery in my area of responsibility and the related cost.
- Finance policies and procedures are clear and understandable.
- The organisation has clear and easy to use financial systems.
- Appropriate financial management training for non-finance staff is provided.
- I know who to contact if I have a query regarding finance.

Section 4 - MANAGEMENT PRACTICE INDICATORS

FP6 CIPFA Financial Management Model

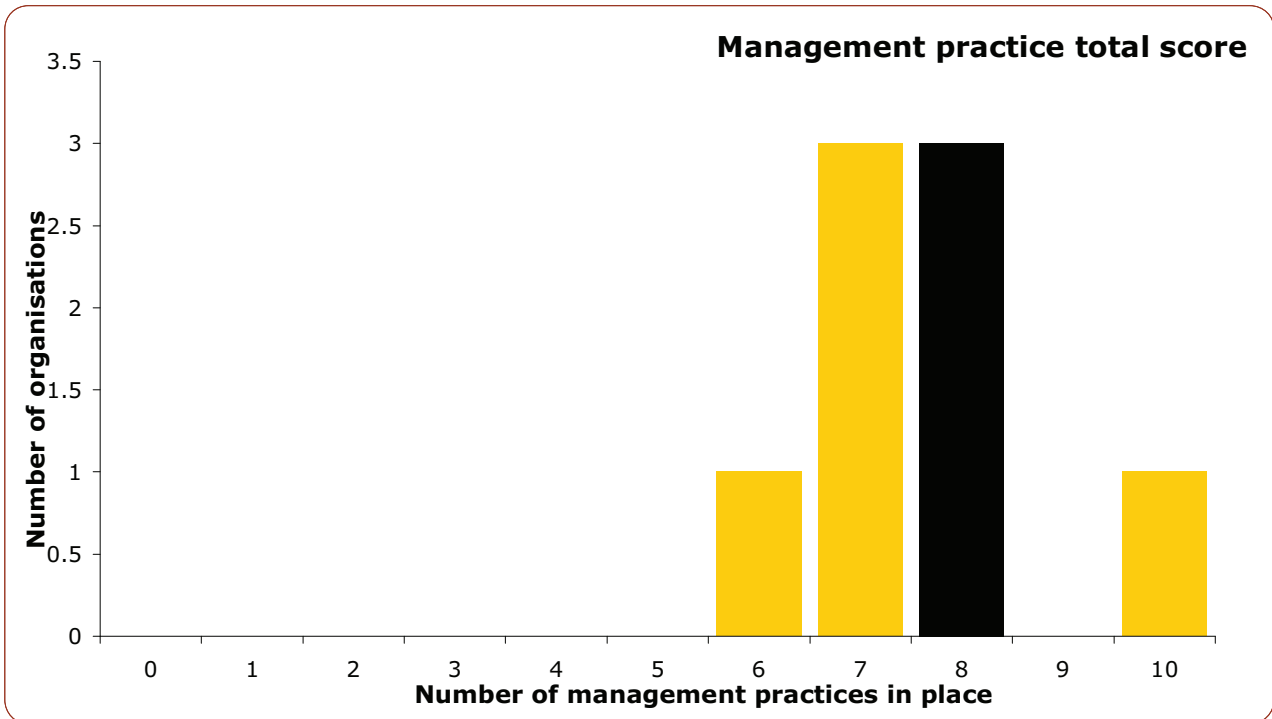
This indicator was intended primarily for Central Government Bodies

		Management Dimension			
		Leadership	People	Process	Stakeholders
Financial Management Style	Securing Stewardship				
	Supporting Performance				
	Enabling Transformation				

These charts show the average performance scores for all participants as black x's. The black error bars show one standard deviation either side of the mean. Approximately 65 - 70% of the organisations will fall within this range. The red diamond is the average score for your organisation.

(Care should be taken when interpreting these results as they are based on a very small sample size)

FP7 Modern Management Practices

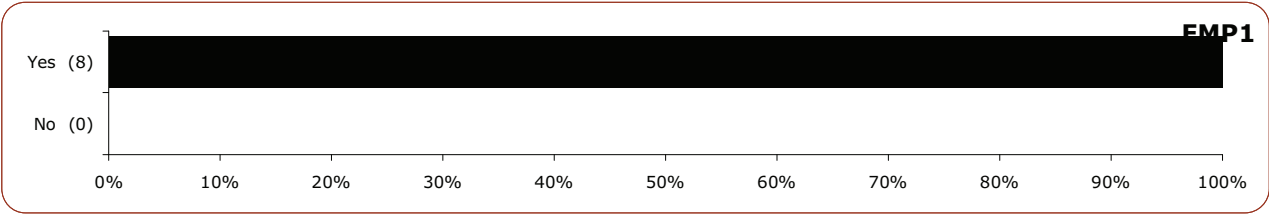


City of London Average LQ Median UQ
8 **8** **7** **8** **8**

	City of London	Yes	No	% Yes	% No
FMP1	Yes	8	0	100.0%	0.0%
FMP2	Yes	5	3	62.5%	37.5%
FMP3	Yes	8	0	100.0%	0.0%
FMP4	Yes	8	0	100.0%	0.0%
FMP5	Yes	8	0	100.0%	0.0%
FMP6	Yes	5	3	62.5%	37.5%
FMP7	Yes	7	1	87.5%	12.5%
FMP8	Yes	3	5	37.5%	62.5%
FMP9	No	5	3	62.5%	37.5%
FMP10	No	4	4	50.0%	50.0%

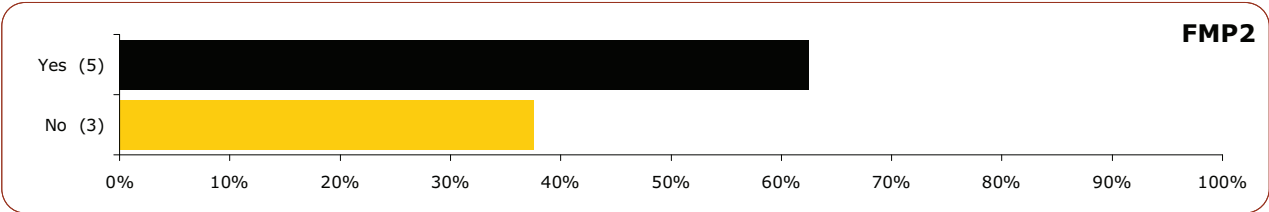
FMP1

The responsibilities of budget holders are clearly understood and embedded in performance appraisal.



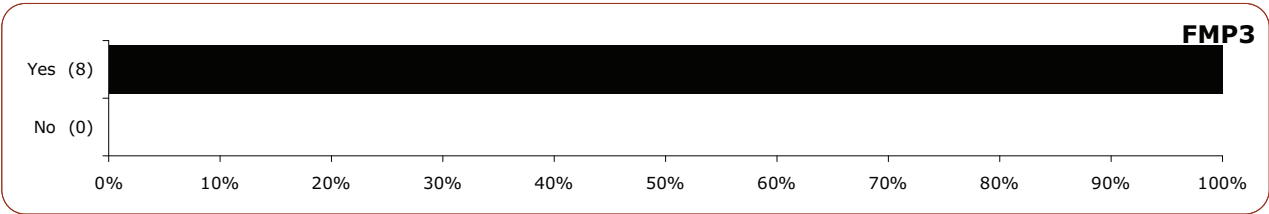
FMP2

Service levels and expectations have been set with key internal customers using a documented approach such as an SLA or Customer Charter, with regular service review meetings held.



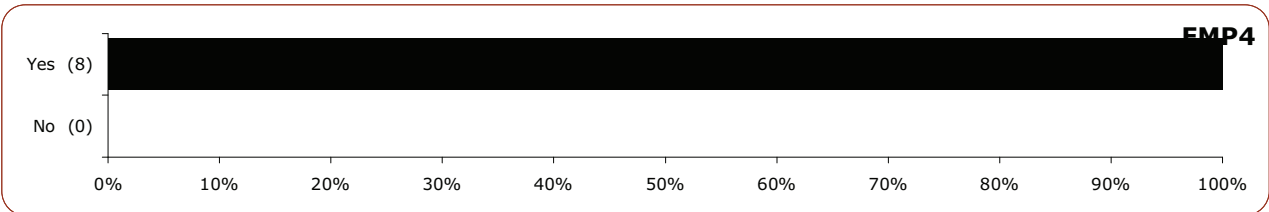
FMP3

A rolling programme of reviewing and benchmarking the organisation's costs is in place across major service areas.



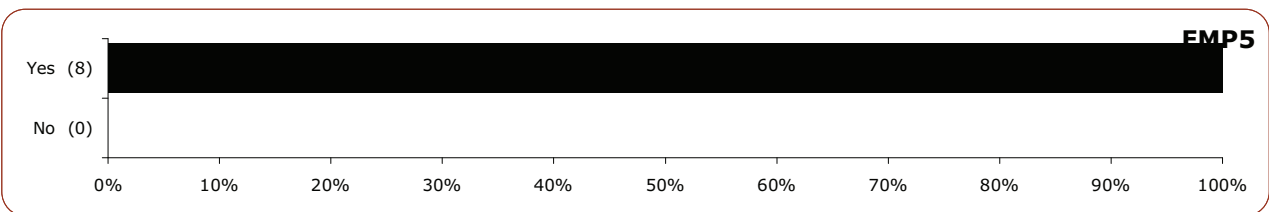
FMP4

Standardised organisation-wide integrated software is in place with centralised data processing. This should cover as a minimum purchase to payment of supplier and invoice to cash receipt from a customer.



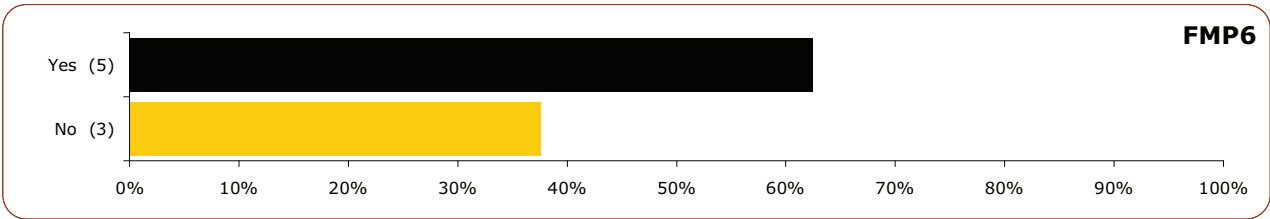
FMP5

The organisation can demonstrate that it has used at least two of the following to steam-line financial processes in the last 3 years; a) bar coding, b) invoice scanning/imaging, c) workflow, d) web technologies to build extranets with external stakeholders, e) intranet to build self service capabilities for staff to check status, run reports, f) on-line travel and expense system used by claimants that is fully integrated with the accounting system.



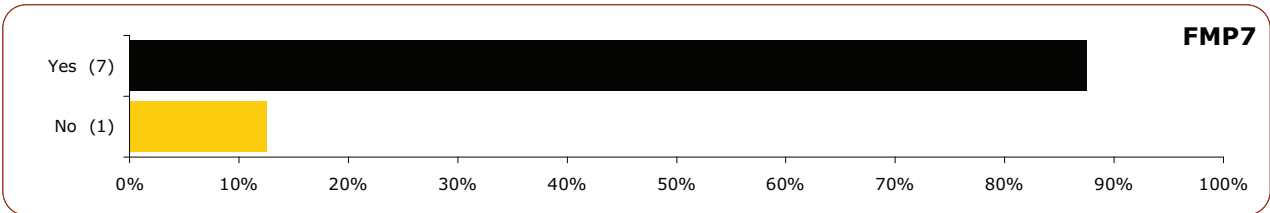
FMP6

Fully automated accruals system based on purchase order and good/services received information held within a fully integrated accounting system.



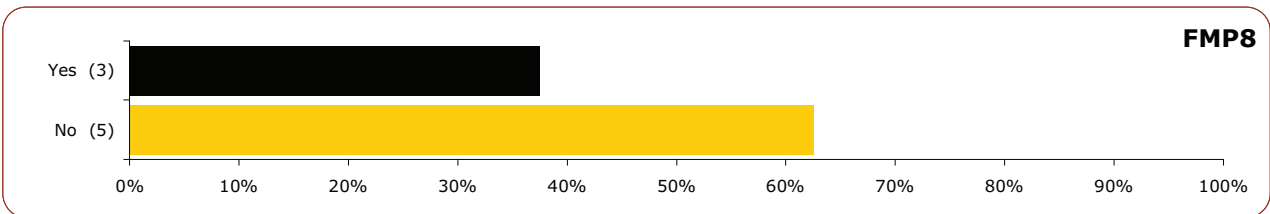
FMP7

Budget holders have on-line, real-time insight into the status of their budget and can run standard financial and manpower reports through their desk top PC.



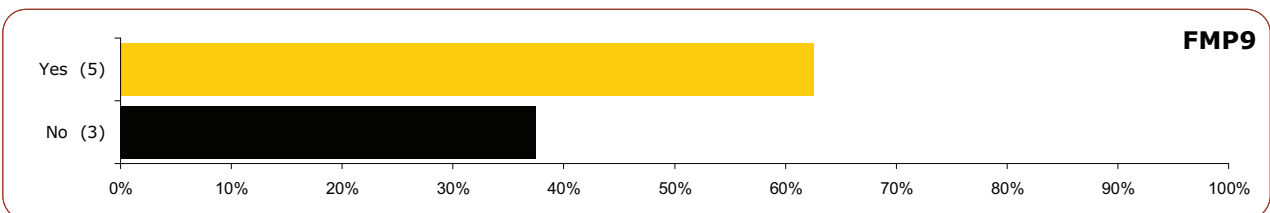
FMP8

A needs based budget based on activity levels rather than historical baselines, is prepared at least every 3 years.



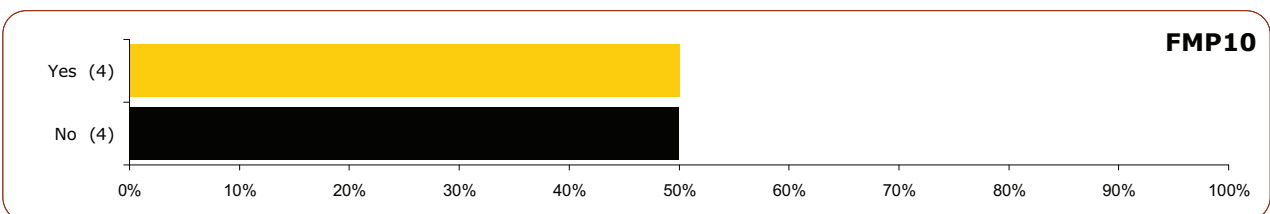
FMP9

Customer satisfaction surveys are conducted at least annually with results openly published and acted upon.



FMP10

A comprehensive professional development programme is in place for Finance staff which ensures that they receive at least 5 days of continuing professional development per annum.



Section 5 - TABULAR DATA

		City of London	Average	Lower Quartile	Median	Upper Quartile
Primary Indicators						
FP1	Cost of the Finance function as a percentage of organisational running costs (expenditure)	1.8%	1.2%	1.0%	1.1%	1.3%
FP1(a)	Cost of transaction processing as a proportion of the finance function	26%	29%	22%	27%	37%
FP1(b)	Cost of business decision support as a proportion of the cost of the finance function	37%	38%	37%	39%	43%
FP1(c)	Cost of reporting and control as a proportion of the cost of the finance function	37%	39%	37%	40%	43%
FP2	Cycle time in working days from period-end closure to the distribution of routine financial reports to all budget managers and overseeing boards and committees	3	11	3	8	14
FP3	% of variation between the forecast outturn and the actual outturn at month 12 (absolute values)	na	2.3%	0.8%	1.1%	2.0%
FP4	Percentage of public sector organisation spend for which there are fully costed outputs which are measured by key performance metrics and for which a named individual is accountable	na	72.5%	66.3%	72.5%	78.8%
Secondary Indicators						
FS1	Professionally qualified finance staff as a percentage of total finance staff (FTEs) undertaking reporting, controls and decision support processes (i.e. excludes those staff involved in transactional processes)	32.7%	34.7%	26.6%	31.3%	36.3%
FS2(a)	Cycle time in days from date of year-end to submission of audited accounts	29	74	52	60	102
FS2(b)	Were the last set of accounts qualified by external audit?	No	0	10	0%	100%
FS3	Cost of Customer Invoicing function per customer invoice processed	£13.57	£14.13	£11.66	£14.71	£16.64
FS4	Debtors days	22.0	83.4	58.4	81.7	112.8
FS5	Credit notes as % of total customer invoices raised	7.8%	9.1%	4.5%	7.7%	9.5%
FS6	Cost of Accounts Payable per accounts payable invoice processed	£5.52	£3.65	£2.59	£3.32	£5.15
FS7	Proportion of all payments made by electronic means	93.9%	86.9%	81.0%	88.4%	94.5%
FS8	Proportion of outstanding debt that is more than 90 days old from date of invoice	12.3%	36.9%	21.1%	38.7%	43.5%
FS9(a)	% invoices for commercial goods & services paid by the organisation within 10 days of receipt	65.8%	69.6%	59.4%	71.2%	81.4%
FS9(b)	% invoices for commercial goods & services paid by the organisation within 30 days of receipt or within the agreed payment terms	98.3%	91.4%	88.7%	93.6%	95.4%
FS10	Cost of Payroll Admin per employee paid	£147.35	£88.08	£57.10	£75.75	£105.67

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Public Sector Corporate Services VfM Indicators
Legal Services
2011/12

City of London Corporation

compared with

With Other Unitary Authorities Highlighted

Computed and printed by:
CIPFA Business Limited
3 Robert Street, London, WC2N 6RL
Tel: 0203 117 1840

Preface

The UK Audit Agencies (Audit Commission, NAO, Audit Wales, Audit Scotland and Northern Ireland Audit Office) combined together to develop a set of indicators to measure the value for money of support services across the public sector. KPMG, with CIPFA as a partner, was appointed to undertake the research and development work and the Audit Agencies published their report in May 2007.

The functions covered by the VfM indicators (Communications, Finance, HR, ICT, Legal, Estates Management and Procurement) have been identified by the Government as a priority area for securing efficiency improvements and releasing resources for use in delivering front-line services. Although the Audit Agencies were keen for public sector bodies to use the indicators, they decided not to offer a benchmarking service themselves. CIPFA has therefore undertaken to provide this service to the public sector.

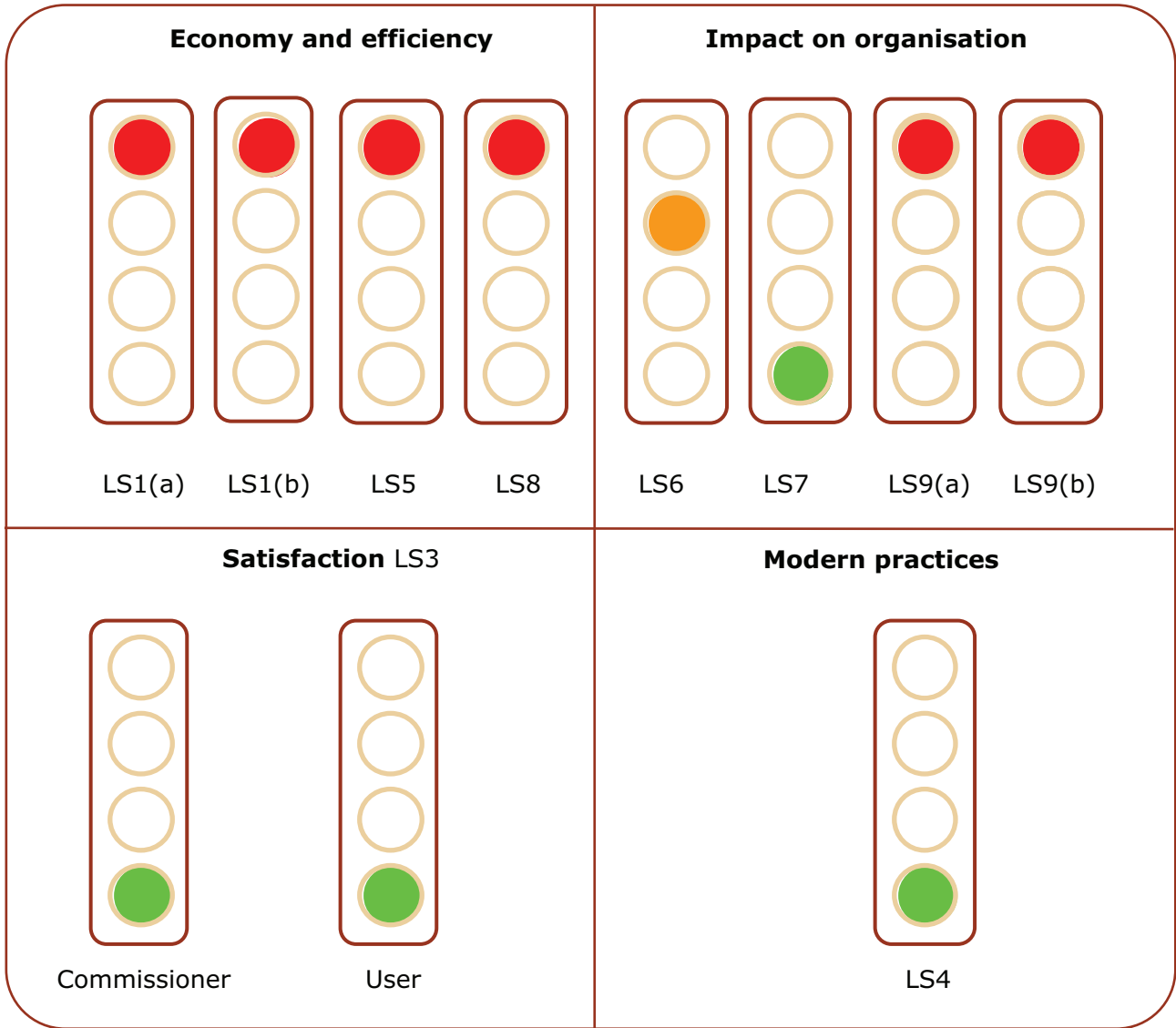
I hope that you find the enclosed information useful, and more importantly that you use it in the spirit in which it is intended; this is a tool to help you take a view on the value for money provided by your corporate support services, and provide some pointers as to how they might improve.

CIPFA would be more than happy to come and discuss with you potential opportunities for you to improve your services, building on the information in this report. Please do not hesitate to give John Wallace a call (0207 543 5822) if you would like to discuss this or any other matters further.

Julian Mund

RESULTS ON ONE PAGE

The Audit Agencies developed an approach to considering Value for Money for Corporate Services which had four dimensions. The overall results are shown below:



Notes:

- a green light indicates performance in the best quartile; a yellow light indicates performance between the median and best quartile; an amber light indicates performance between the median and worst quartile and a red light indicates performance in the worst quartile
- for the purposes of this report, high cost and low productivity are considered poor. However, we accept this is a generalisation and that in some circumstances organisations can choose to invest more in functions because they have under invested in the past or because they want to place particular emphasis on a function
- full descriptions of the indicators are shown in the remainder of this report

Section 1 - ECONOMY AND EFFICIENCY

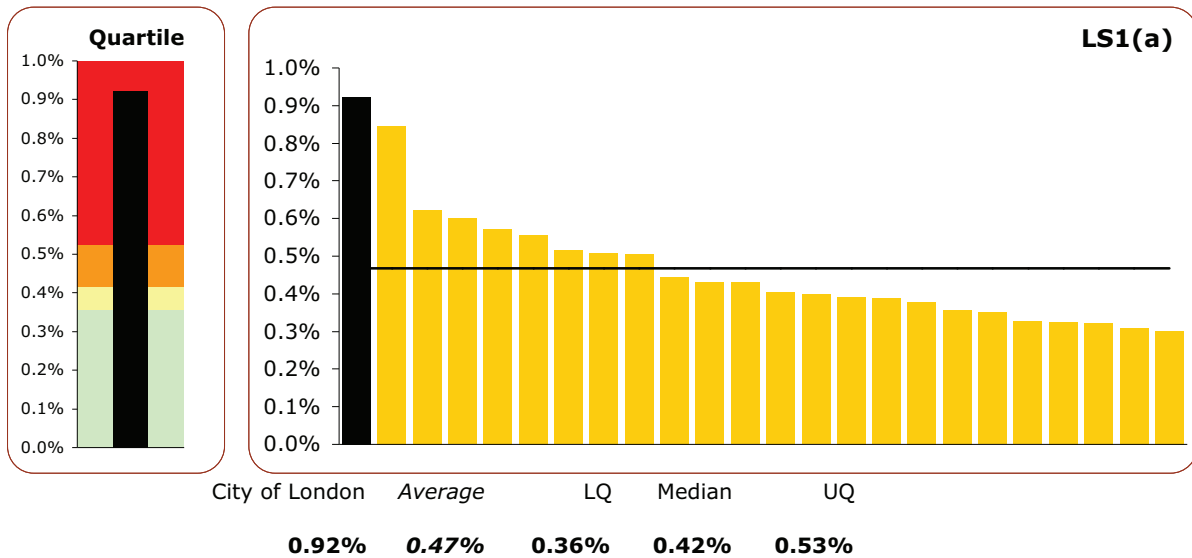
LS1 Cost of the Legal Services function 2011/12

Rationale and expected impact on behaviour

This is a high-level indicator of the cost-effectiveness of the legal function. In most circumstances organisations would aim to reduce their legal costs over time. However, organisations that score poorly on measures designed to test effectiveness of the legal function (for example indicators 4, 5 8 and 9) and also spend less on legal services than the benchmark for their peers, will wish to consider whether extra investment would secure better value for money.

Organisations that spend more than their peer organisations may wish to consider whether this is because, for example, they have above average score against effectiveness criteria or whether there is scope for efficiency savings (for example evidenced by a disproportionately high cost of learning and development, indicator 6).

LS1(a) Cost of the Legal Services function as percentage of organisational running costs



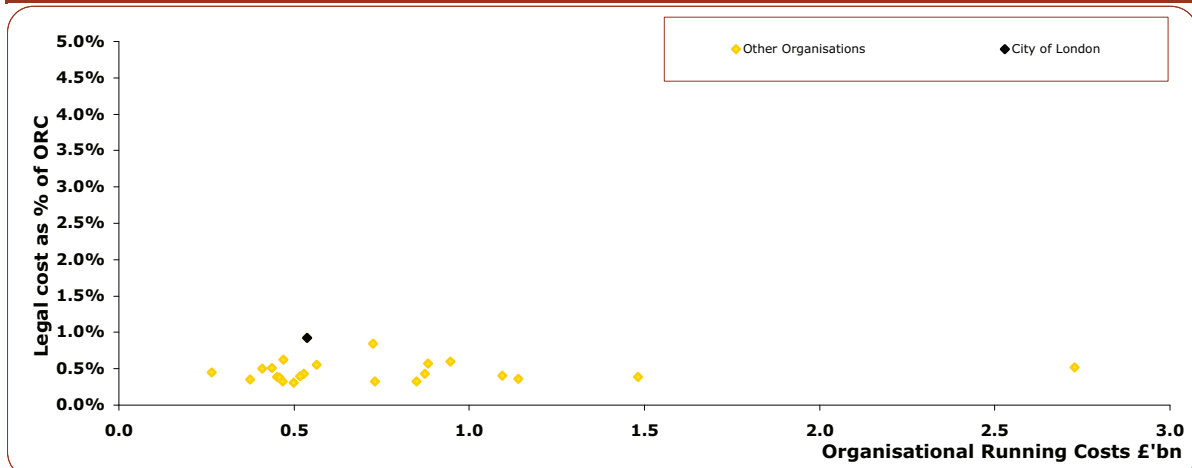
Cost of Difference

This shows the monetary value represented by the difference in percentage from the median (and lower quartile). Favourable variances are shown as negative figures.

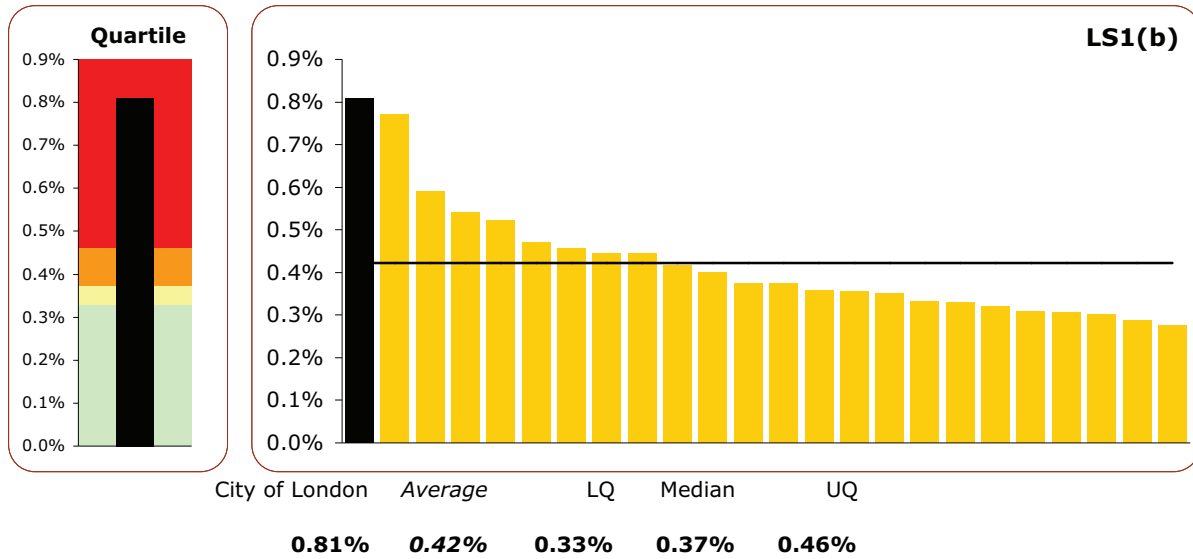
From median (£'000) **£2,711** From lower quartile (£'000) **£3,039**

Economies of Scale

This chart investigates the relationship between cost and size of the organisation. There is some indication that very small organisations tend to use a higher proportion of their resources on the Legal Services function.



LS1(b) Cost of the Legal Services function net of income as percentage of organisational running costs



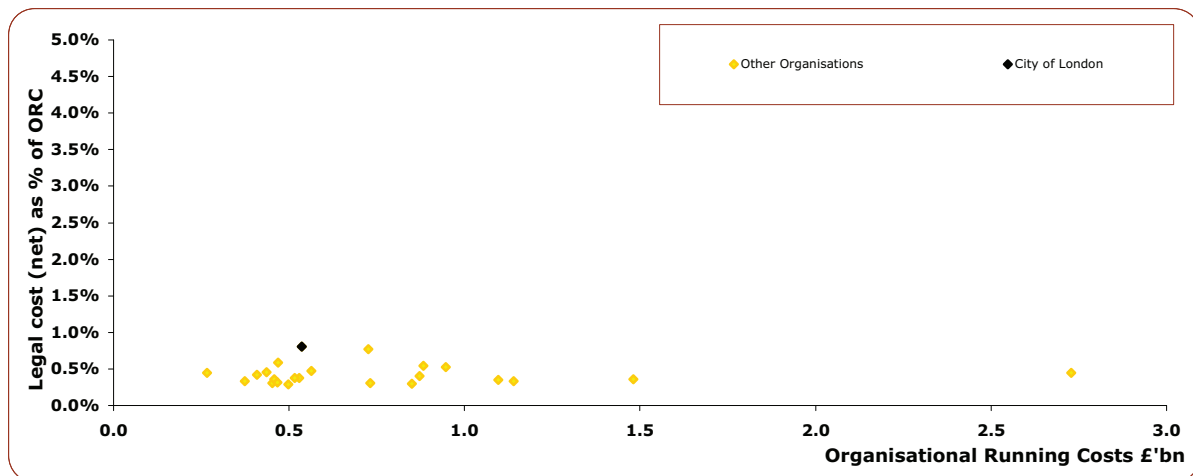
Cost of Difference

This shows the monetary value represented by the difference in percentage from the median (and lower quartile). Favourable variances are shown as negative figures.

From median (£'000) **£2,331** From lower quartile (£'000) **£2,584**

Economies of Scale

This chart investigates the relationship between cost and size of the organisation. There is some indication that very small organisations tend to use a higher proportion of their resources on the Legal Services function.



Legal Services Cost/£'000 Organisation running costs 2011/12

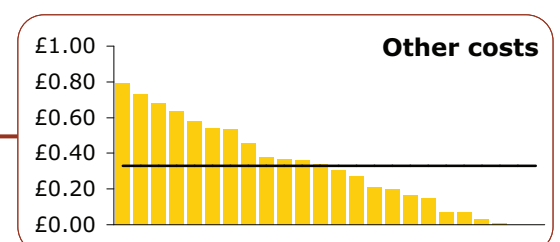
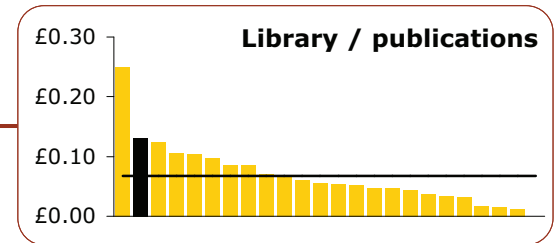
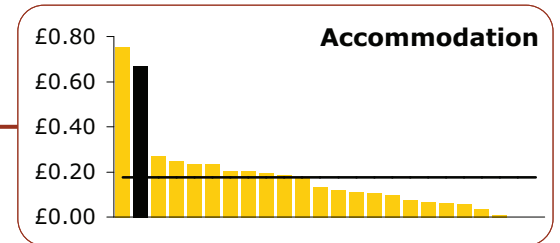
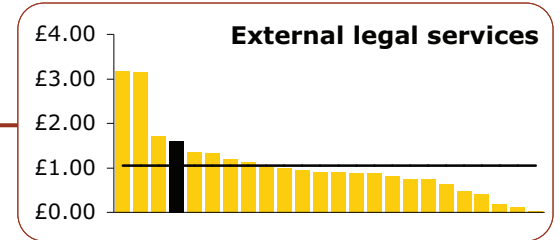
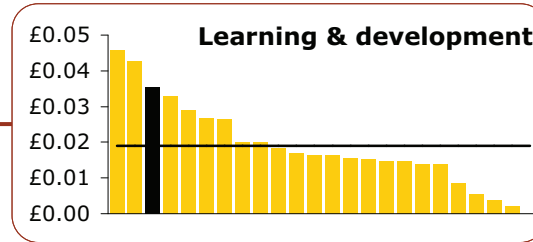
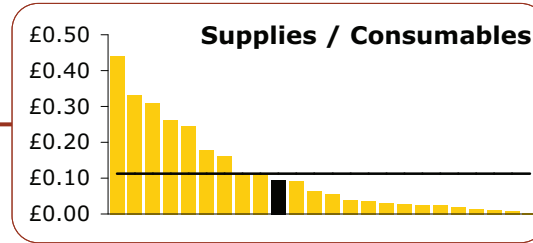
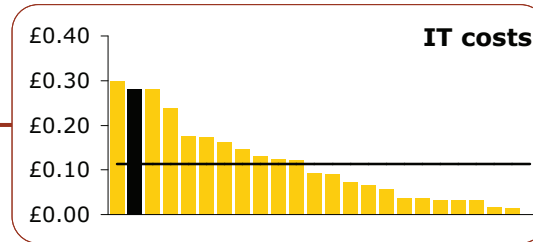
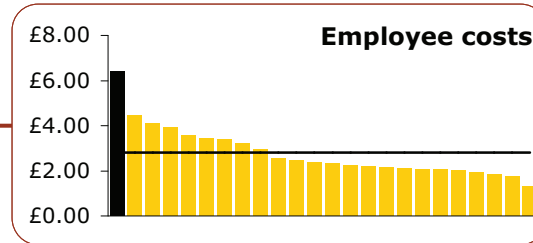
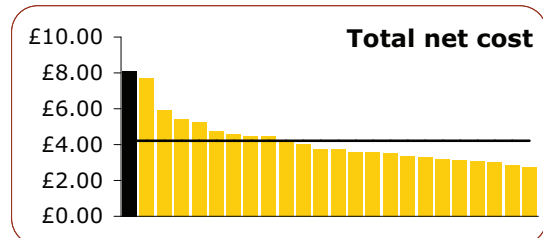
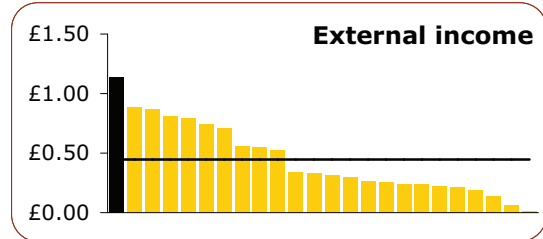
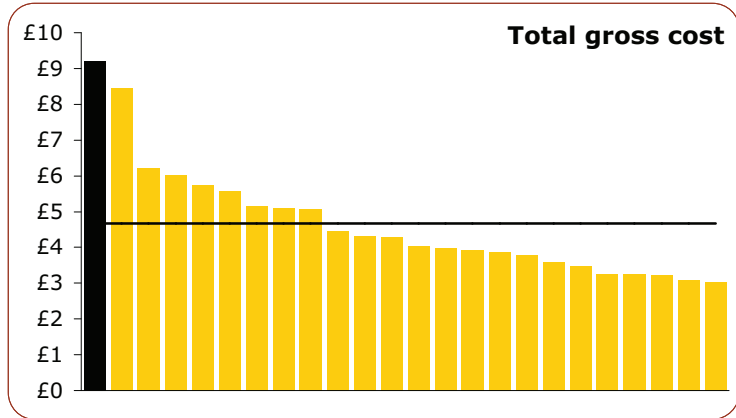
For each benchmark two figures are given, the first being the organisation's cost and the second (in italics) is the group average.

		Employee costs		Costs 2011/12 (£'000)	
		£6.42	£2.80	Employee costs	3,446
				External legal services	855
		External legal services		IT costs	151
		£1.59	£1.05	Accommodation	358
				Supplies / Consumables	51
		IT costs		Library / Publications	70
		£0.28	£0.11	Learning & development	19
				Other costs	-
Total gross cost		Accommodation		Total gross cost	4,950
£9.22	£4.67	£0.67	£0.18		
				External income	609
External income		Supplies / Consumables			
£1.13	£0.45	£0.10	£0.11	Total net cost	4,341
Total net cost		Library / Publications		Organisational running cost:	536,811
£8.09	£4.22	£0.13	£0.07		
		Learning & development			
		£0.04	£0.02		
		Other costs			
		£0.00	£0.33		

COST PER £'000 ORGANISATIONAL RUNNING COSTS

2011/12 Actuals

Page 63

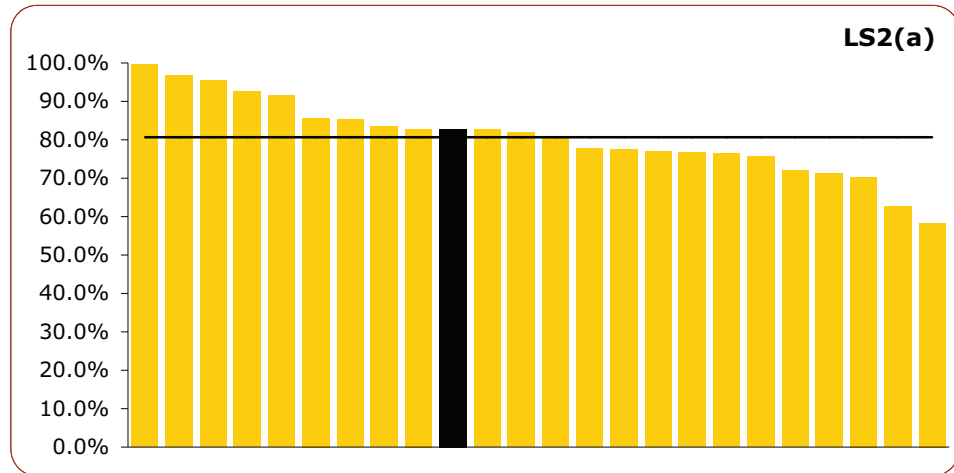


LS2 The cost of in-house and externally sourced legal work

Rationale and expected impact on behaviour

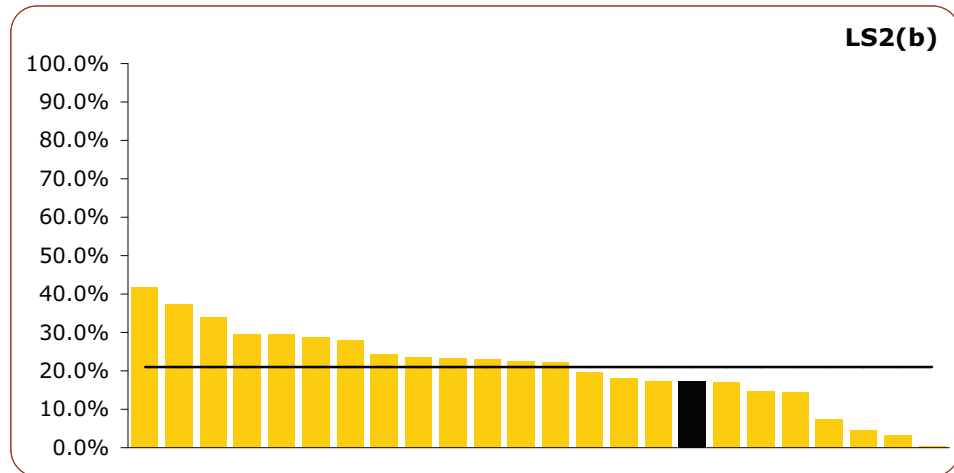
This is a high-level indicator of the cost of in-house and externally sourced legal work. Certain legal work will be externally sourced, for example, where an organisation requires specialist legal advice not available in-house or to deal with peaks and troughs of work. Organisations that spend more than their peer organisations on externally sourced legal work may wish to consider whether the mix of work done in-house and externally sourced represents effective and efficient use of resources.

LS2(a) The cost of the in-house legal function as a percentage of the total legal function cost



City of London	Average	LQ	Median	UQ
82.7%	80.7%	76.1%	81.2%	85.4%

LS2(b) The cost of externally sourced legal work as a percentage of the total legal function cost

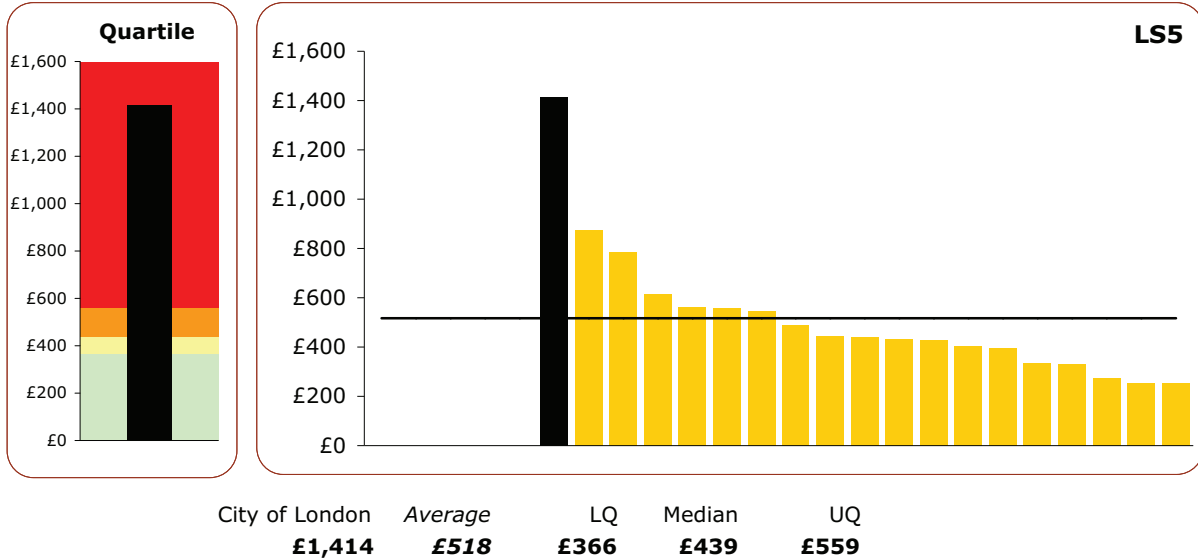


City of London	Average	LQ	Median	UQ
17.3%	21.0%	16.6%	22.4%	28.2%

LS5 Cost of the legal function per employee

Rationale and expected impact on behaviour

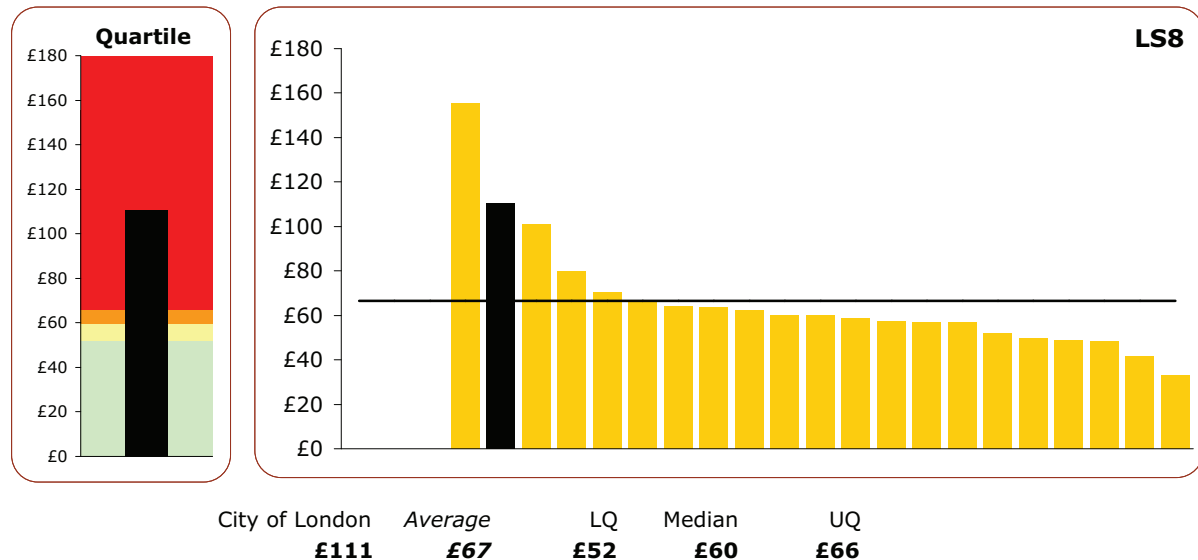
In most circumstances organisations would aim to reduce their legal costs over time. However, organisations that score poorly on measures designed to test the effectiveness of the legal function (for example indicators 3 and 4) will wish to consider whether extra investment would secure better value for money.



LS8 Cost per hour of providing legal work

Rationale and expected impact on behaviour

This indicator of the cost-effectiveness of the legal function complements indicators 1, 2 and 3. Organisations should compare their result for this indicator with their peers, investigating the reasons for any significant differences.



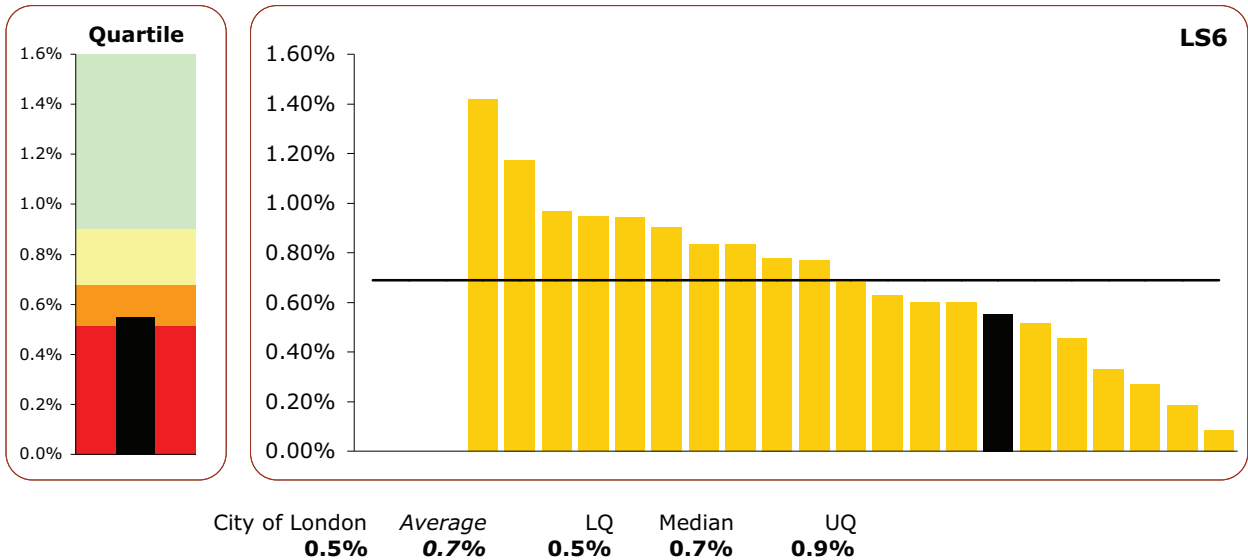
Section 2 - IMPACT

LS6 Cost of learning and development activity as percentage of the total pay-bill

Rationale and expected impact on behaviour

The level of activity on learning and development indicates the organisation's commitment to enhancing its capacity to deliver and improve.

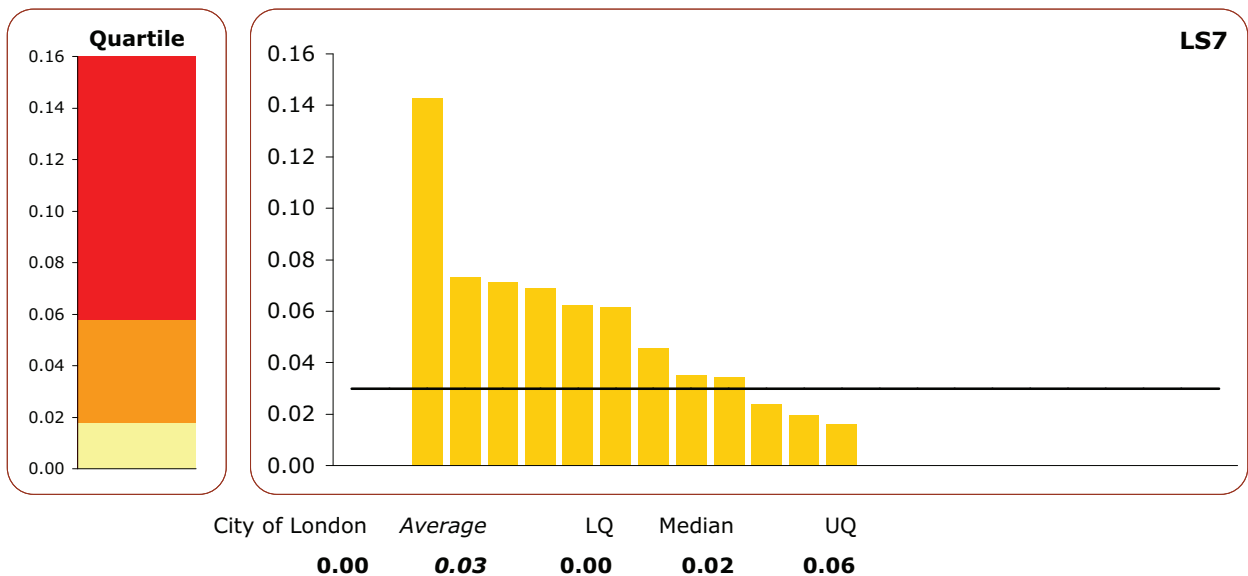
The costs relate to learning and development activity including where appropriate, obtaining continuing professional development (CPD) hours. Organisations should compare their results with their peers, investigating the reasons for any significant differences, taking into account factors such as any difference in the average degree of experience within the workforce and turnover of staff.



LS7 Total number of complaints received per legal employee

Rationale and expected impact on behaviour

Organisations should compare their results with their peers, investigating the reasons for any significant differences, taking into account factors such as any difference in the type of legal work being provided. Organisations would aim to achieve a period-on-period reduction in the number of complaints received. Organisations should have clear procedures for recording and dealing with complaints.



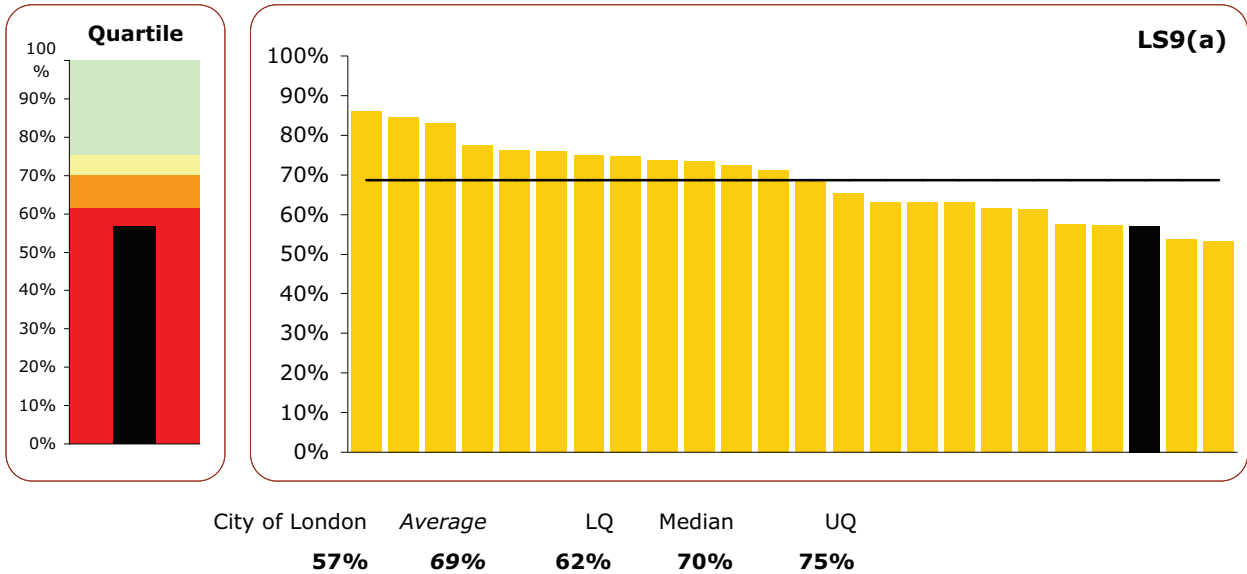
LS9 Ratio of qualified legal staff (FTE) to total legal staff (FTE) Ratio of legal staff (FTE) to support staff (FTE)

Rationale and expected impact on behaviour

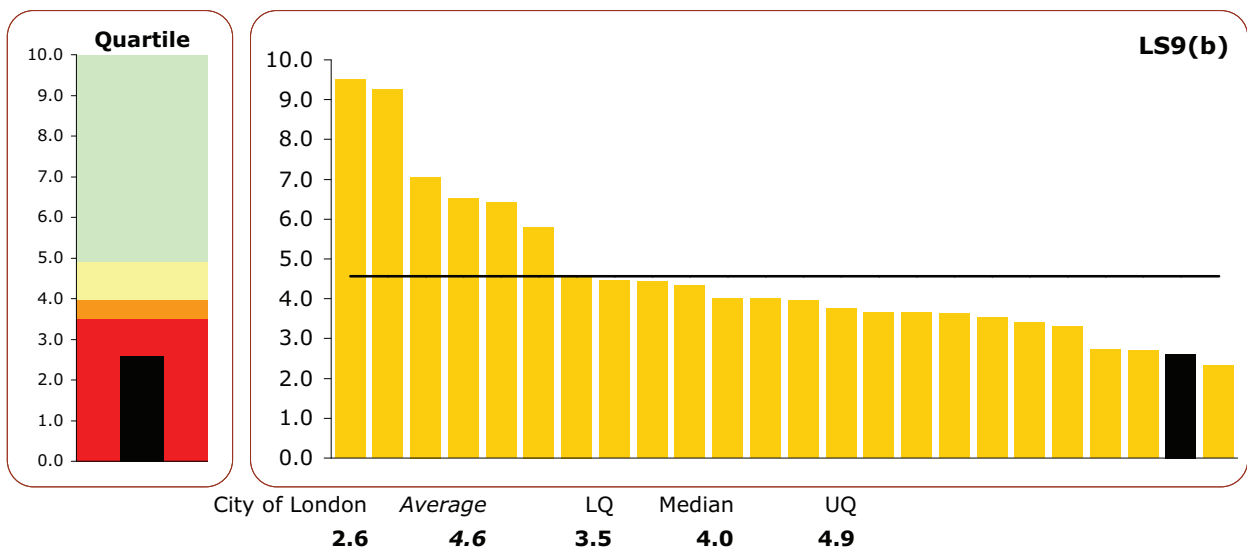
This indicator assesses the capacity and competency of the legal function by examining the proportion of staff with a professional legal qualification. Legal personnel within both the central legal function and those employed in other parts of the organisation should be included.

Organisations should compare their results with their peers, investigating the reasons for any significant differences, taking into account factors such as any difference in the type of legal work being provided. Organisations who outsource all their legal work will report a zero return for this

LS9(a) Ratio of qualified legal employees (FTE) to total legal employees (FTE)



LS9(b) Ratio of legal staff (FTE) to support staff (FTE)

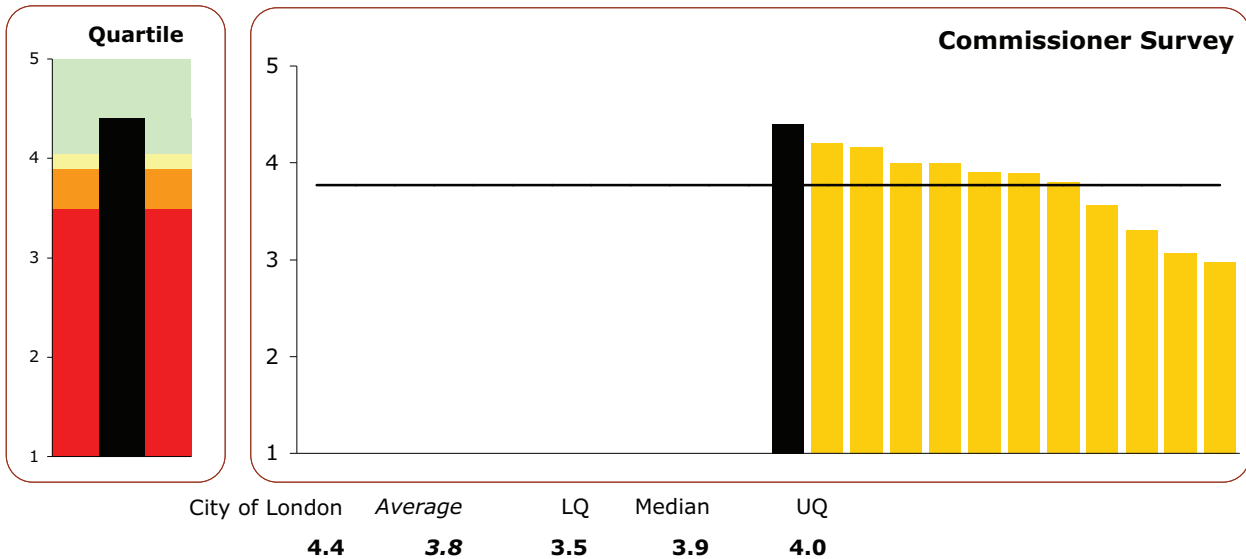


Section 3 - SATISFACTION

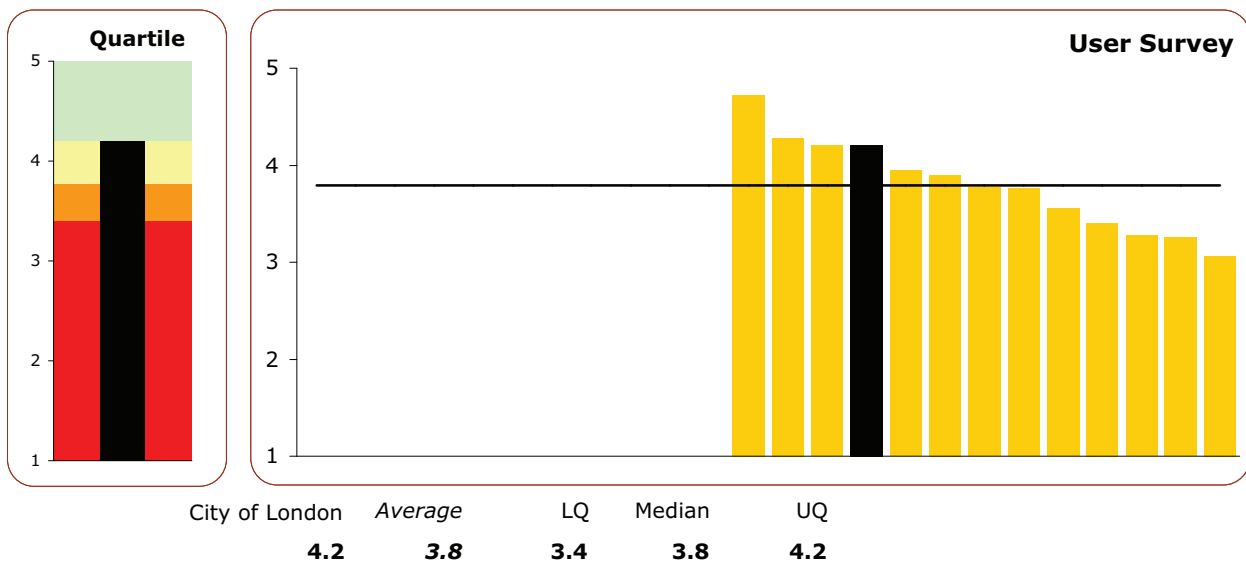
Rationale and expected impact on behaviour

This indicator examines the effectiveness of the legal function by assessing the perceptions of its commissioners and users. The statements have been identified because they are considered to indicate whether the function communicates effectively with its commissioners and users, and is responsive to the requirements of the organisation. Over time, organisations should seek to increase the proportion of commissioners and users agreeing with the statements. (Organisations may wish to incorporate these statements into existing surveys of users and commissioners).

LS3(a) Commissioner satisfaction average score



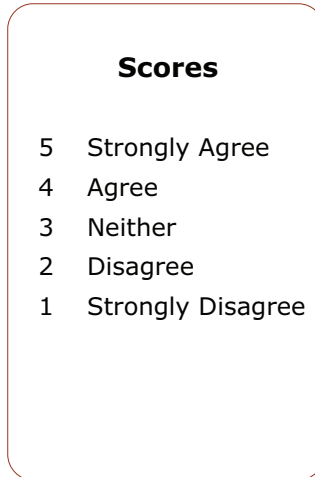
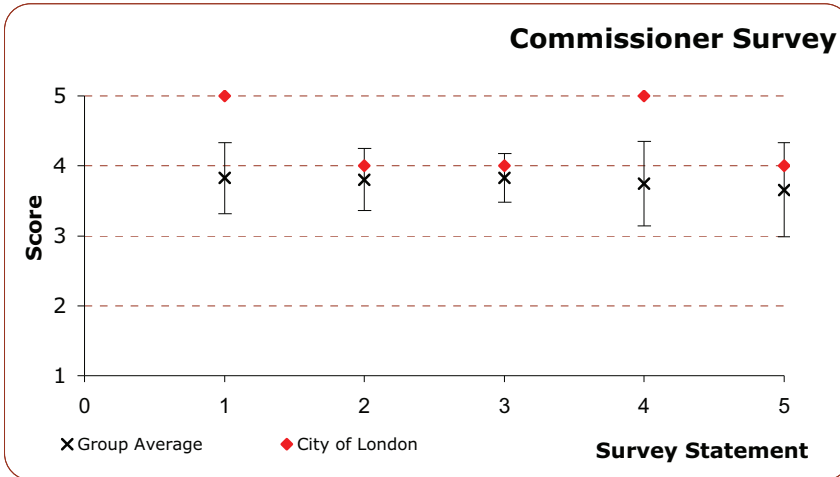
LS3(b) User satisfaction average score



Analysis of individual statement scores

These charts show the average performance scores for all participants as black x's. The black error bars show one standard deviation either side of the mean. Approximately 65 - 70% of the organisations will fall within this range. The red diamond is the average score for your organisation.

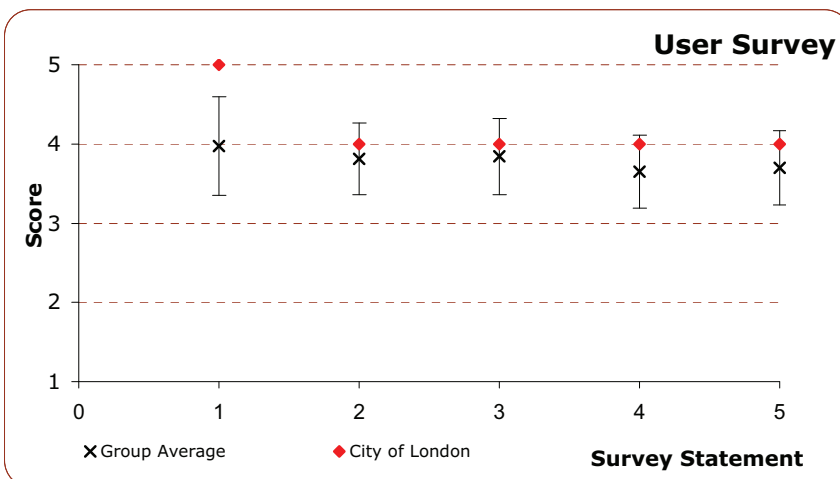
Commissioner Survey



Survey Statements

- The legal services function provides quality advice within agreed timeframes
- The legal services function contributes effectively to the organisation's governance, planning and policy processes
- The legal service reacts promptly when something goes wrong and acts effectively to address issues raised
- The legal service contributes effectively to managing the organisation's risk
- Legal services provide value for money

User Survey

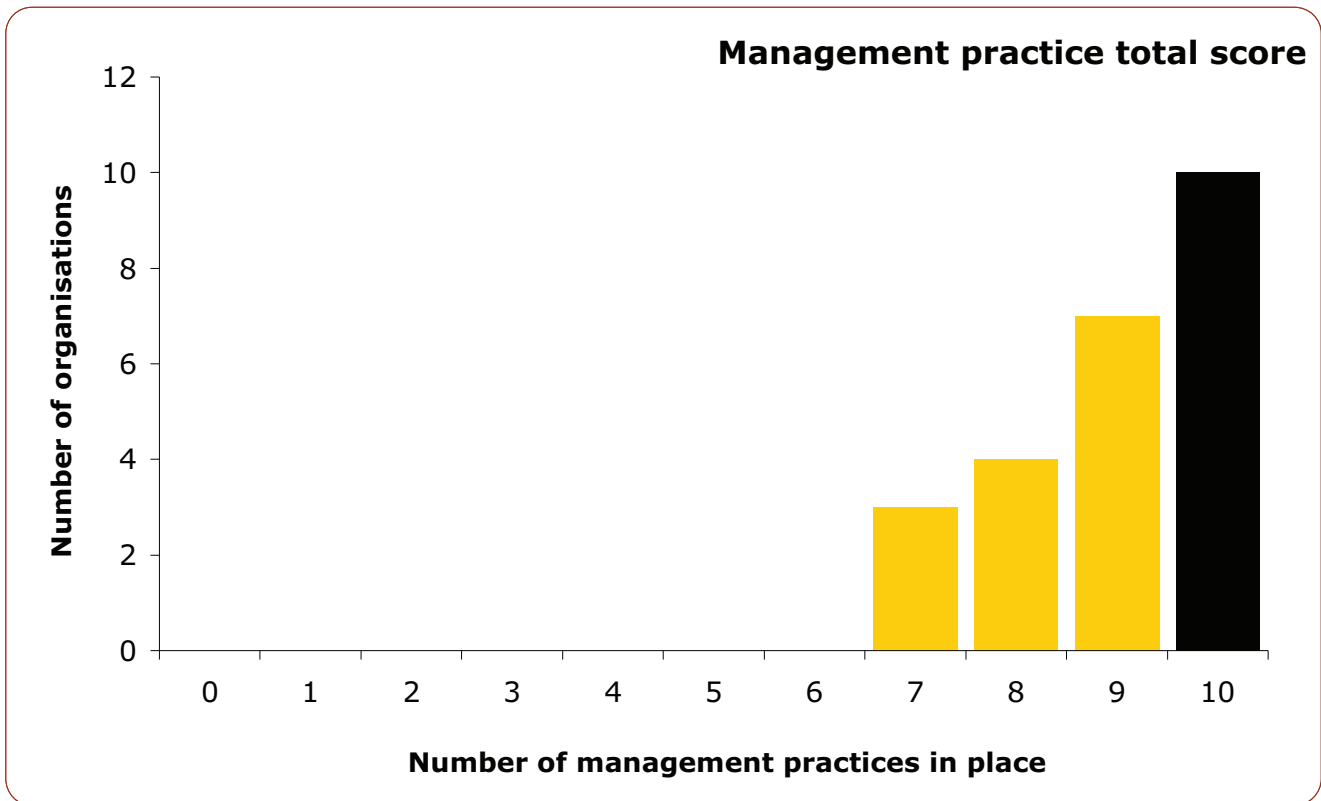


Survey Statements

- The lawyer was accessible and had regard to any changing needs
- The advice provided by the lawyer was consistent and clear
- The lawyer's advice was constructive
- The lawyer kept me informed of progress
- The advice was provided within the agreed timeframe

Section 4 - MANAGEMENT PRACTICE INDICATORS

LS4 Management Practice Indicators

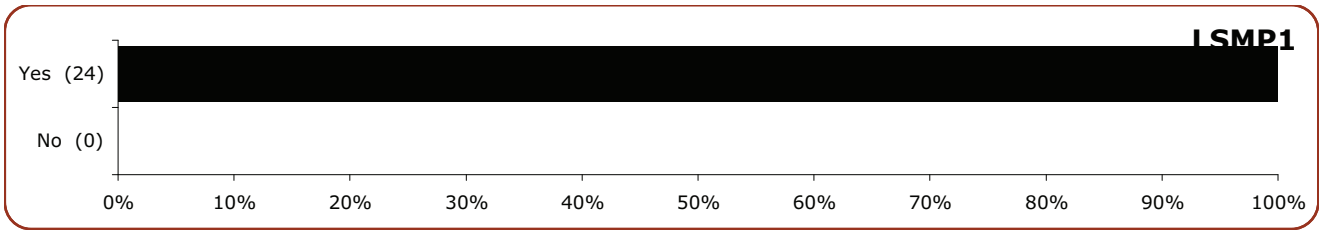


City of London *Average* LQ Median UQ
10.00 **9.00** **8.00** **9.00** **10.00**

		Yes	No	% Yes	% No
LSMP1	Yes	24	0	100.0%	0.0%
LSMP2	Yes	14	10	58.3%	41.7%
LSMP3	Yes	24	0	100.0%	0.0%
LSMP4	Yes	22	1	95.7%	4.3%
LSMP5	Yes	23	1	95.8%	4.2%
LSMP6	Yes	21	3	87.5%	12.5%
LSMP7	Yes	21	3	87.5%	12.5%
LSMP8	Yes	22	2	91.7%	8.3%
LSMP9	Yes	23	1	95.8%	4.2%
LSMP10	Yes	22	2	91.7%	8.3%

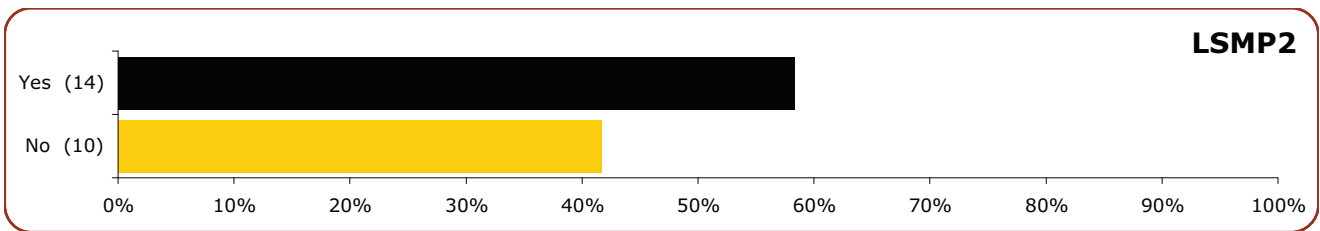
LSMP1

A time recording system is in place and all legal staff record their time against legal matters.



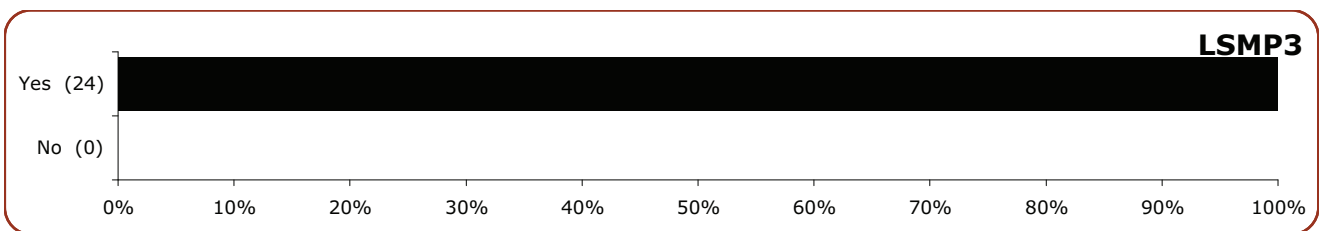
LSMP2

The most senior officer in the organisation with a dedicated legal role has a seat on the corporate management team.



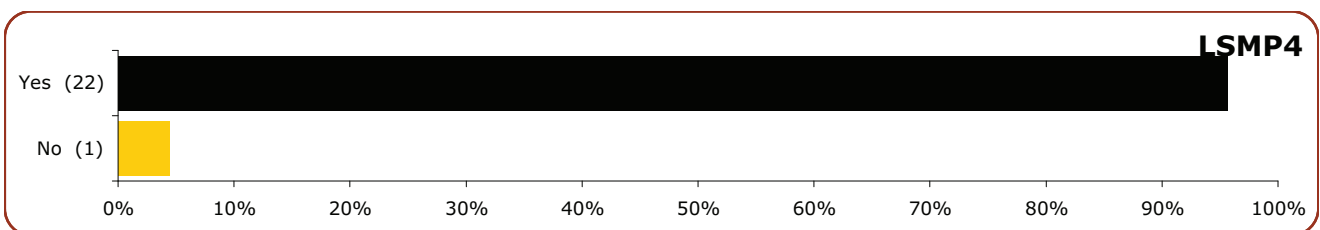
LSMP3

The legal unit has costed its internal legal services and developed charge-out rates for its internal lawyers.



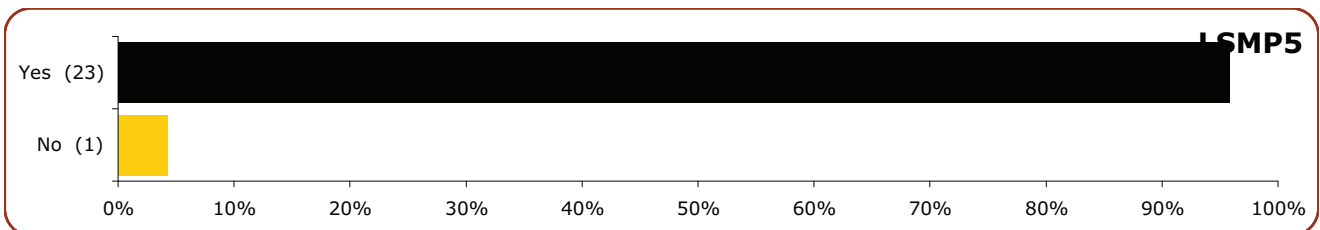
LSMP4

All requests for legal services are coordinated through the legal services unit.



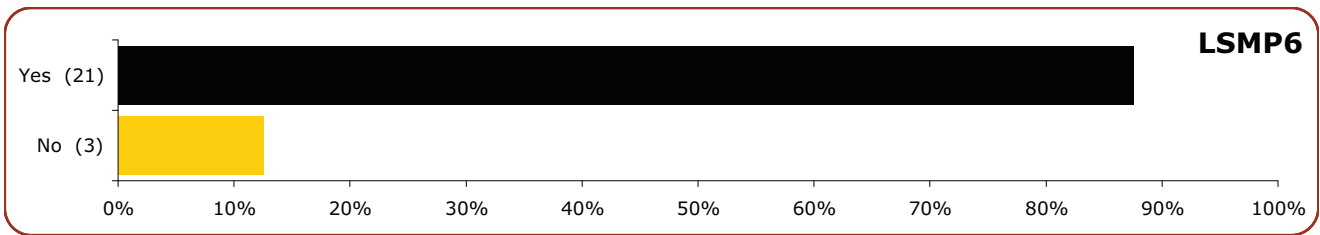
LSMP5

The legal unit has a formal business planning process which deals with its ability to deliver programmes and services.



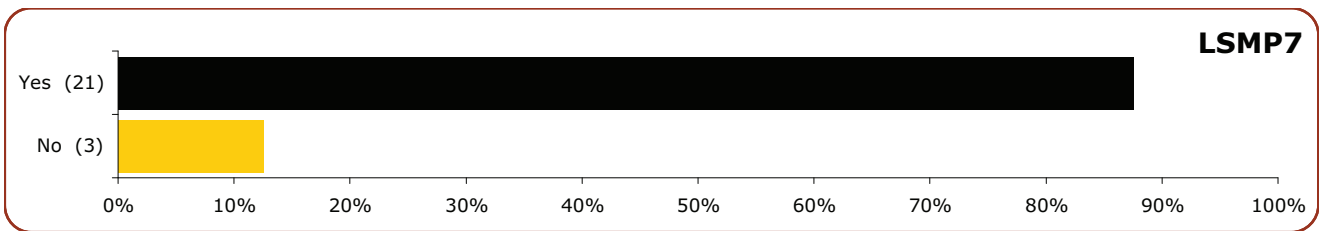
LSMP6

A rigorous process of market testing is adopted when purchasing external legal services involving comparative analysis of all relevant costs and benefits.



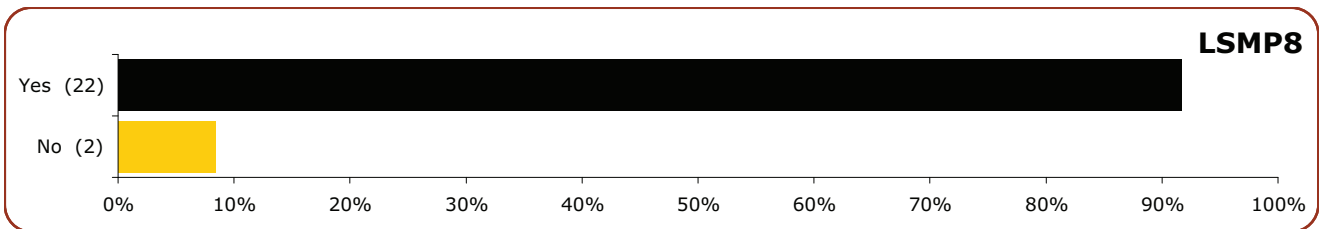
LSMP7

Our tender specification(s) accurately reflect the expected needs for legal services.



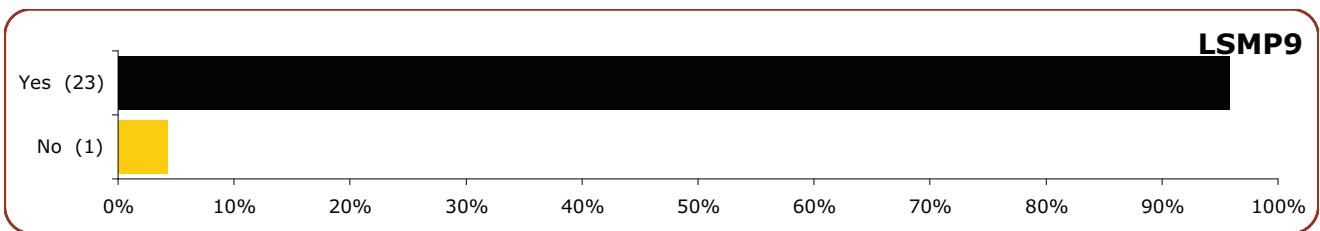
LSMP8

We do not have 'evergreen' contracts (contracts that have no expiry date or that include a 'perpetual option').



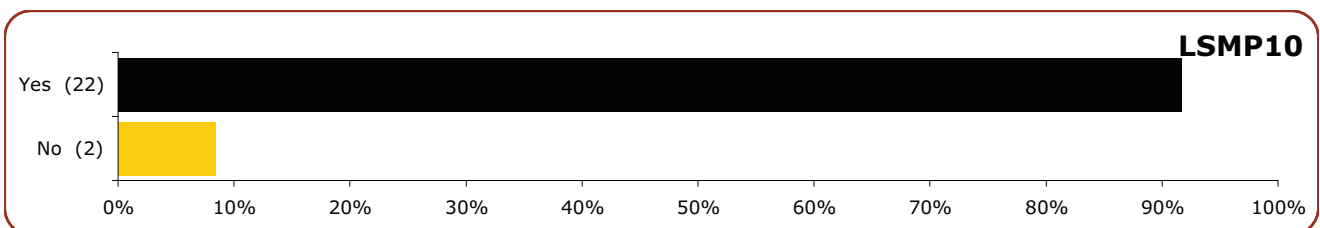
LSMP9

The legal unit undertakes periodic reviews (at least biennially) of their legal services arrangements to ensure that arrangements continue to give value for money to the organisation.



LSMP10

There are personal development plans for all legal staff linked to the business planning process and the organisation's objectives.



Section 5 - TABULAR DATA

	City of London	Average	Lower Quartile	Median	Upper Quartile	
Indicators 2011/12						
LS1(a)	Cost of the Legal Services function as a % organisational running costs	0.92%	0.47%	0.36%	0.42%	0.53%
LS1(b)	Cost of the Legal Services function (net) as a % organisational running costs	0.81%	0.42%	0.33%	0.37%	0.46%
LS2(a)	Cost of the in-house Legal Services function as a % total legal function cost	82.7%	80.7%	76.1%	81.2%	85.4%
LS2(b)	Cost of externally sourced legal work as a % total legal function cost	17.3%	21.0%	16.6%	22.4%	28.2%
LS5	Cost of the legal function per 1,000 employees	£1,414	£518	£366	£439	£559
LS6	Cost of learning & development activity as % the total pay-bill	0.5%	0.7%	0.5%	0.7%	0.9%
LS7	Number of complaints received per legal employe	0.00	0.03	0.00	0.02	0.06
LS8	Cost per chargeable hour	£111	£67	£52	£60	£66
LS9(a)	Ratio of qualified legal employees (FTE) to total legal employees (FTE)	57%	69%	62%	70%	75%
LS9(b)	Ratio of legal staff (FTE) to support staff (FTE)	2.6	4.6	3.5	4.0	4.9

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Public Sector Corporate Services VfM Indicators
Human Resources
2011/12

City of London Corporation

compared with

Other London Boroughs Highlighted

Computed and printed by:
CIPFA Business Limited
3 Robert Street, London, WC2N 6RL

Preface

The UK Audit Agencies (Audit Commission, NAO, Audit Wales, Audit Scotland and Northern Ireland Audit Office) combined together to develop a set of indicators to measure the value for money of support services across the public sector. KPMG, with CIPFA as a partner, was appointed to undertake the research and development work and the Audit Agencies published their report in May 2007.

The functions covered by the VfM indicators (Communications, Finance, HR, ICT, Legal, Estates Management and Procurement) have been identified by the Government as a priority area for securing efficiency improvements and releasing resources for use in delivering front-line services. Although the Audit Agencies were keen for public sector bodies to use the indicators, they decided not to offer a benchmarking service themselves. CIPFA has therefore undertaken to provide this service to the public sector.

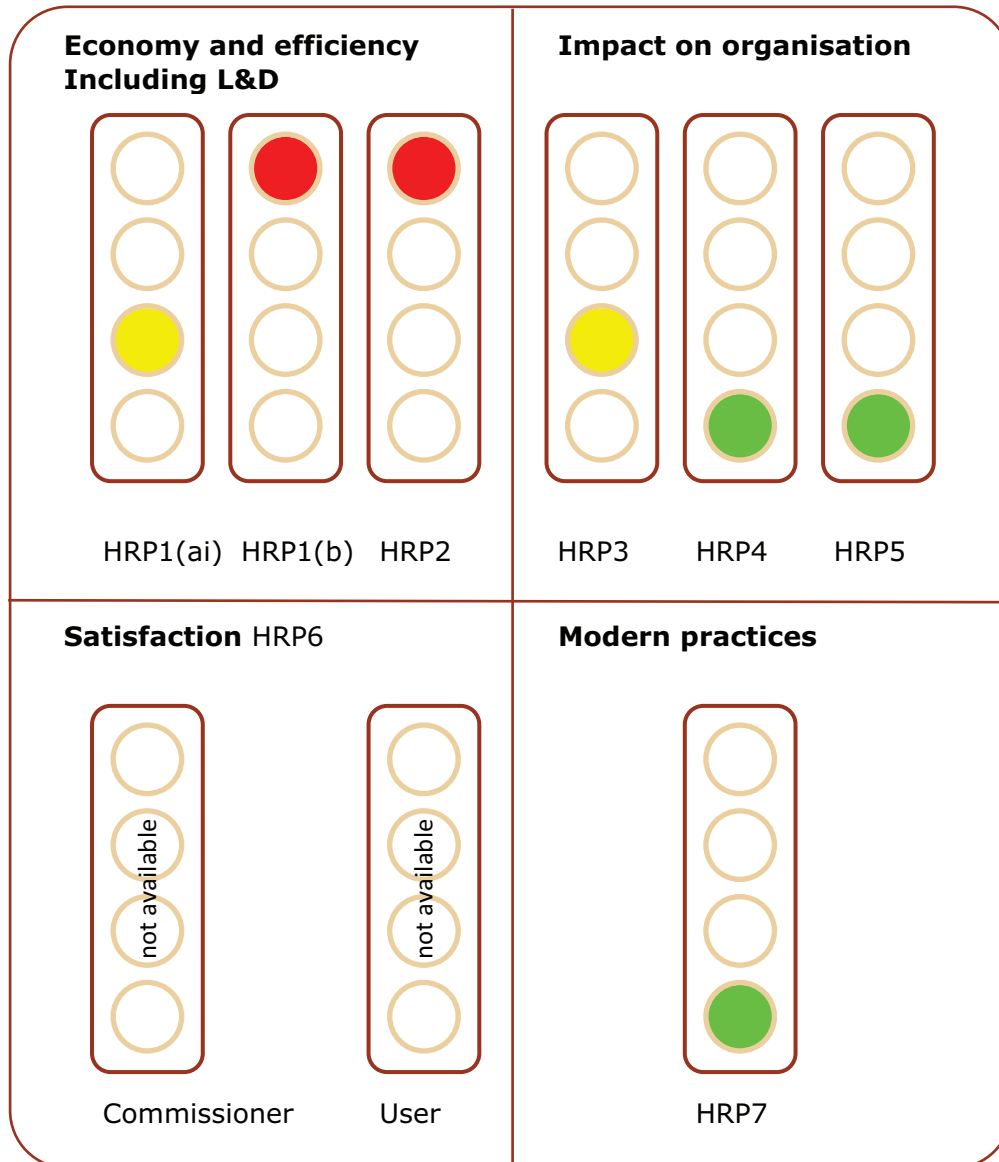
I hope that you find the enclosed information useful, and more importantly that you use it in the spirit in which it is intended; this is a tool to help you take a view on the value for money provided by your corporate support services, and provide some pointers as to how they might improve.

CIPFA would be more than happy to come and discuss with you potential opportunities for you to improve your services, building on the information in this report. Please do not hesitate to give John Wallace a call (0207 543 5600) if you would like to discuss this or any other matters further.

Julian Mund
Director of Markets and Product Development

RESULTS ON ONE PAGE

The Audit Agencies developed an approach to considering Value for Money for Corporate Services which had four dimensions. The overall results are shown below:



Notes:

- a green light indicates performance in the best quartile; a yellow light indicates performance between the median and best quartile; an amber light indicates performance between the median and worst quartile and a red light indicates performance in the worst quartile
- for the purposes of this report, high cost and low productivity are considered poor. However, we accept this is a generalisation and that in some circumstances organisations can choose to invest more in functions because they have under invested in the past or because they want to place particular emphasis on a function
- full descriptions of the indicators are shown in the remainder of this report

Section 1 - ECONOMY AND EFFICIENCY

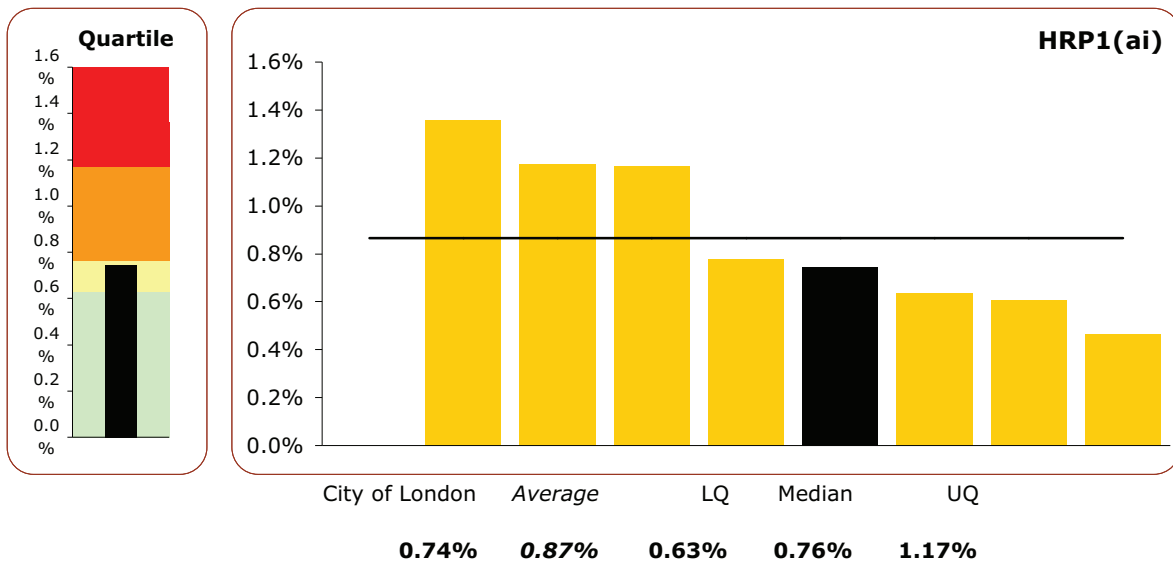
HRP1 Cost of the HR function

Rationale and expected impact on behaviour

In most circumstances organisations would aim to reduce their HR costs over time. However organisations that score poorly on measures designed to test the effectiveness of the HR function (for example primary indicators 4, 5, 6 and 7) and also spend less on HR than the benchmark for their peers, will wish to consider whether extra investment would secure better value for money.

Organisations that spend more than their peer organisations may wish to consider whether this is because, for example, they have an above average score against effectiveness criteria or whether there is scope for efficiency savings (for example evidenced by a disproportionately high cost of recruitment per vacancy, secondary indicator 5).

HRP1(ai) HR Cost as a percentage of organisational running costs (including L&D)



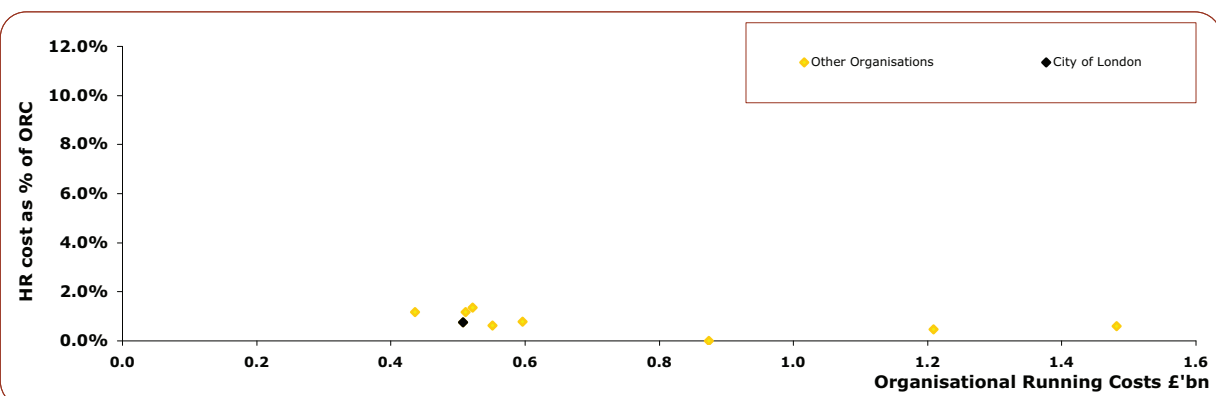
Cost of Difference

This shows the monetary value represented by the difference in percentage from the median (and lower quartile). Favourable variances are shown as negative figures.

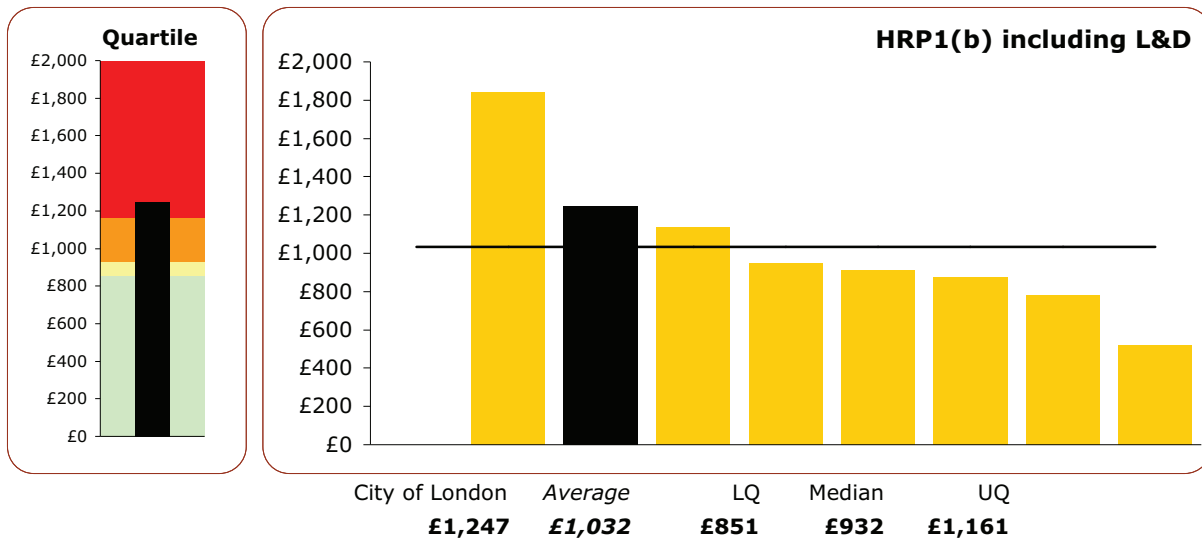
From median (£'000) **-£90** From lower quartile (£'000) **£590**

Economies of Scale

This chart investigates the relationship between cost and size of the organisation. There is some indication that very small organisations tend to use a higher proportion of their resources on the HR function.



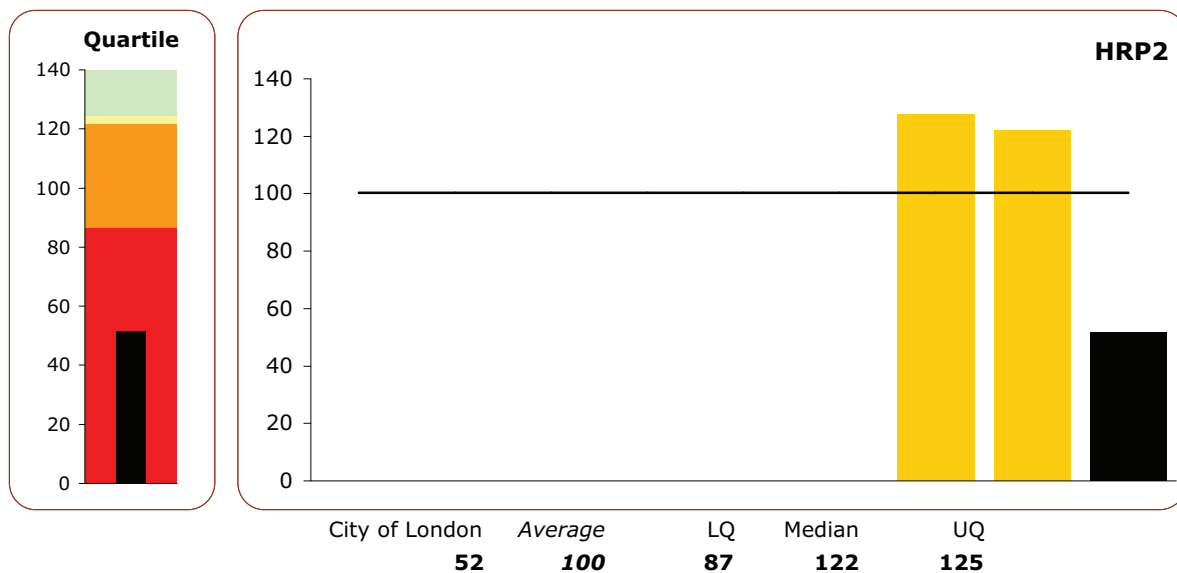
HRP1(b) HR Cost per FTE (including L&D)



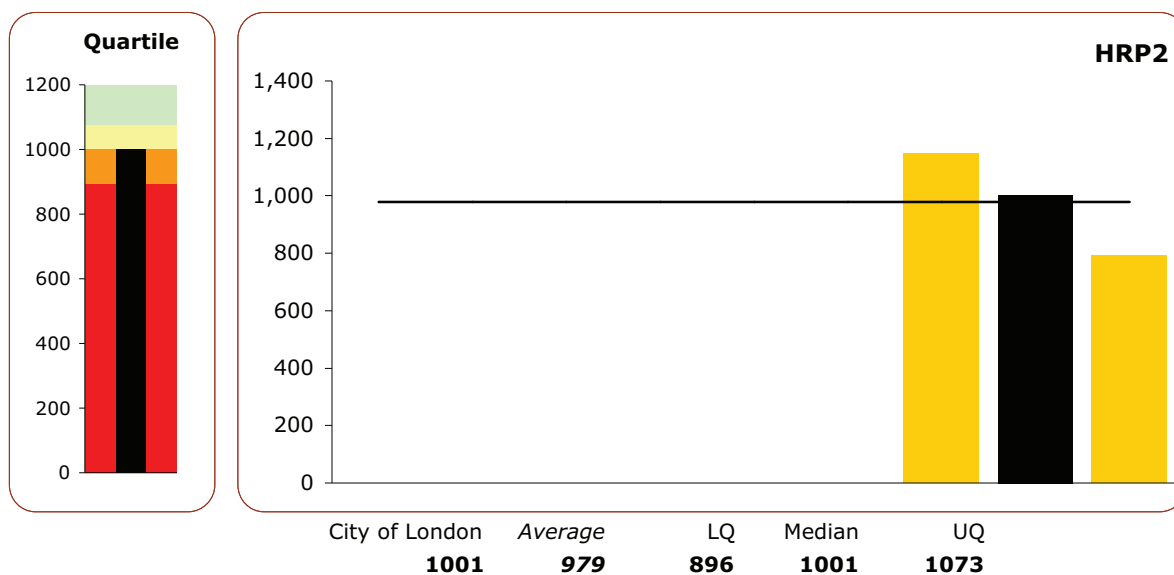
HRP2 Ratio of employees to HR staff (including L&D)

Rationale and expected impact on behaviour

This is a high-level indicator of the cost-effectiveness of the HR function which complements primary indicator 1. Organisations should compare their result for this indicator with their peers, investigating the reasons for any significant differences. They should also examine their result for this indicator in conjunction with their results for effectiveness indicators (for example primary indicators 4, 5, 6 and 7).



HRP2 Ratio of employees to L&D staff



HR Cost/£'000 Organisation running costs (including L&D) 2011/12

For each benchmark two figures are given, the first being the organisation's cost and the second (in italics) is the group average.

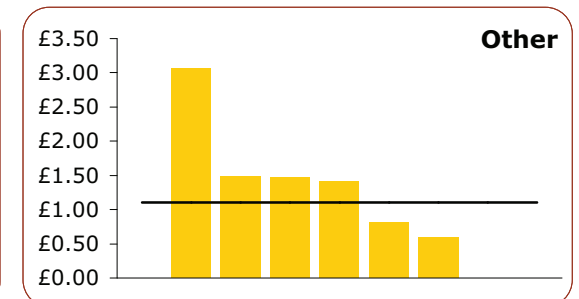
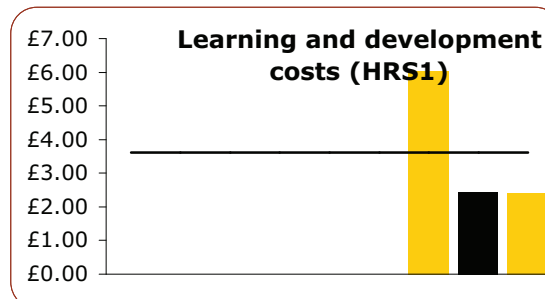
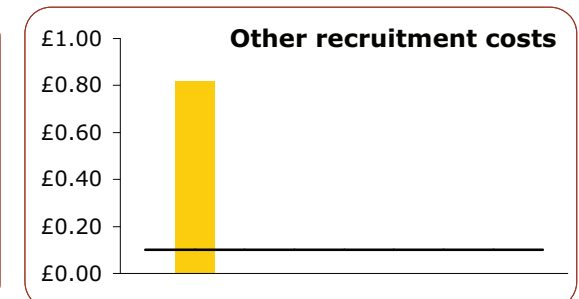
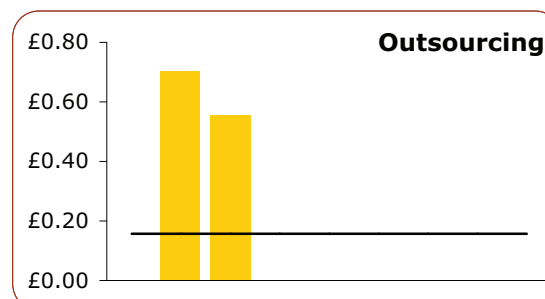
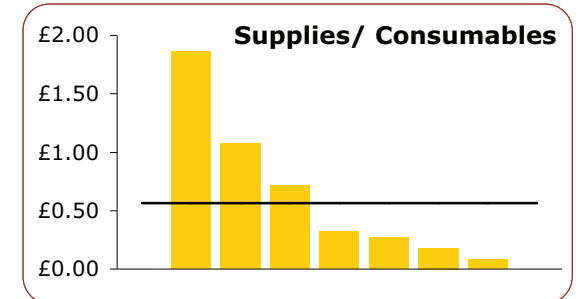
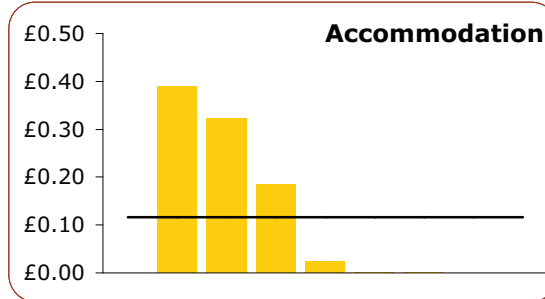
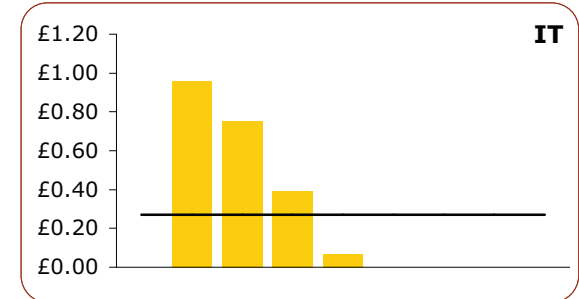
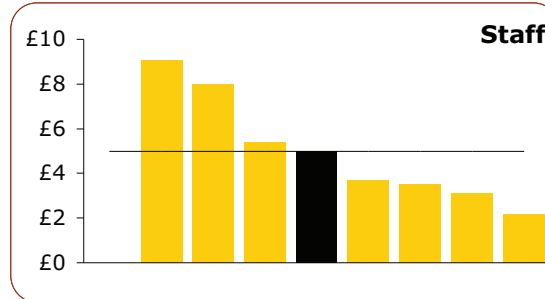
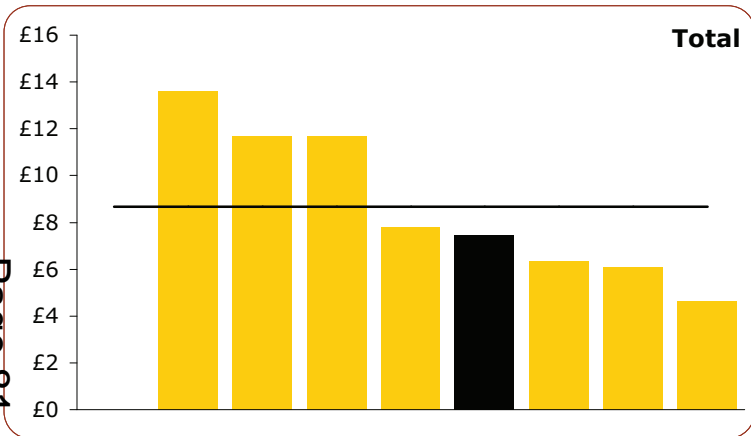
	Staff	IT	Accommodation	Supplies/ Consumables	Outsourcing	Other Recruitment	Learning and Development (HRS1)	Other
	£5.01	£0.00	£0.00	£0.00	£0.00	£0.00	£2.44	£0.00
	<i>£4.99</i>	<i>£0.27</i>	<i>£0.12</i>	<i>£0.56</i>	<i>£0.16</i>	<i>£0.10</i>	<i>£3.62</i>	<i>£1.11</i>
Total Cost	£7.45							
	<i>£8.67</i>							

Costs 2011/12 (£'000)	
Staff	2,542
IT	-
Accommodation	-
Supplies/ Consumables	-
Outsourcing	-
Recruitment	-
L&D	1,240
Other	-
Total	3,782
Org. running costs	507,655
FTE	58.1

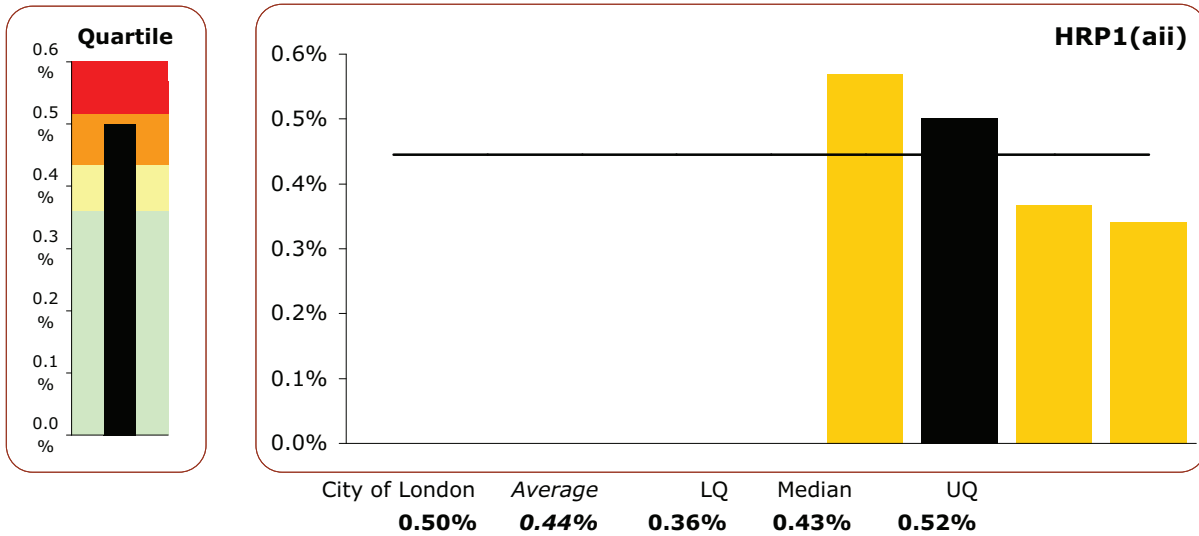
HR COST PER £'000 ORGANISATIONAL RUNNING COSTS (INCLUDING L&D)

2011/12 Actuals

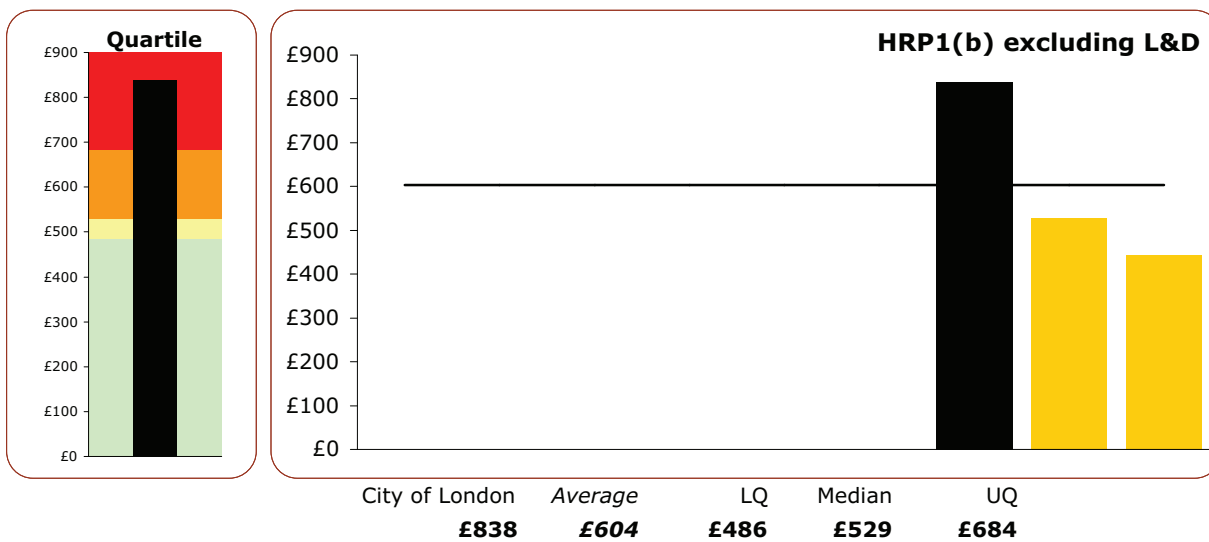
Page 81



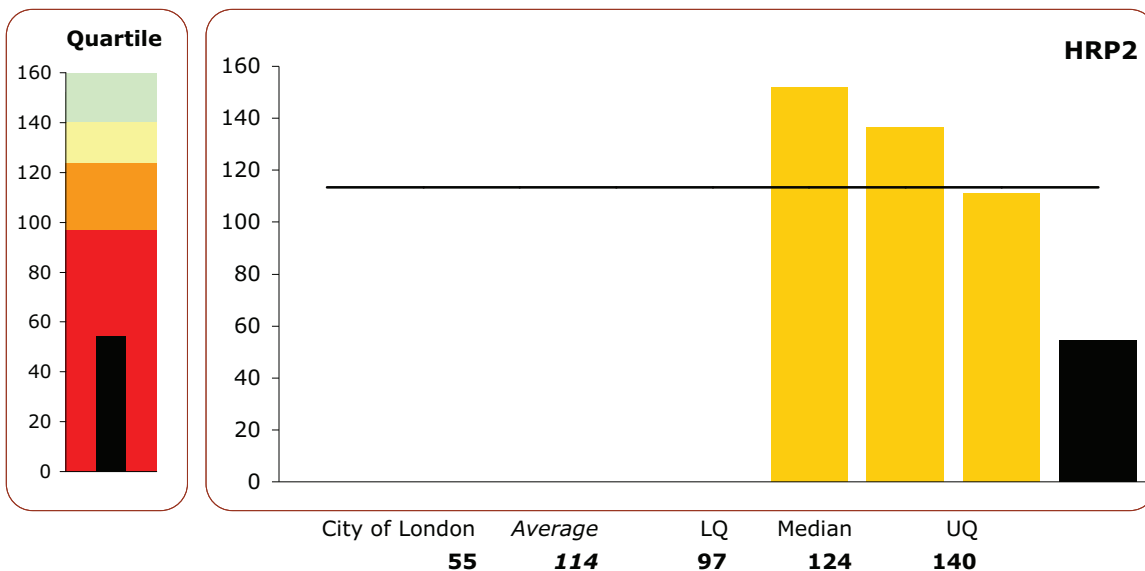
HRP1(aii) HR Cost as a percentage of organisational running costs (excluding L&D)



HRP1(b) HR Cost per FTE (excluding L&D)



HRP2 Ratio of employees to HR staff (excluding L&D)

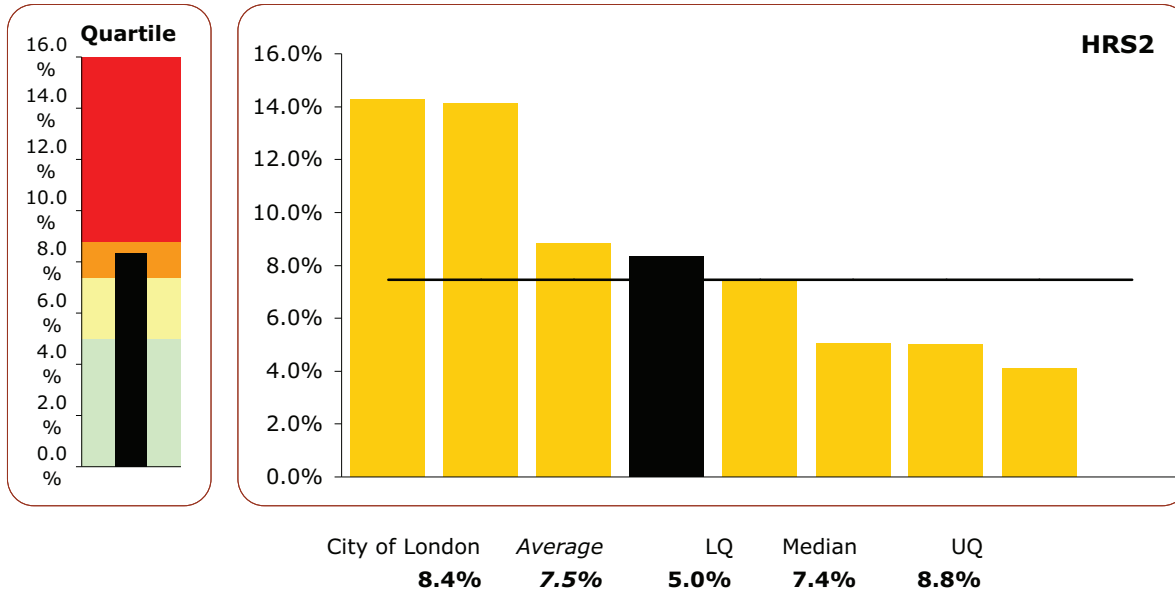


Secondary Indicators

HRS2 Cost of agency staff as a percentage of total pay bill

Rationale and expected impact on behaviour

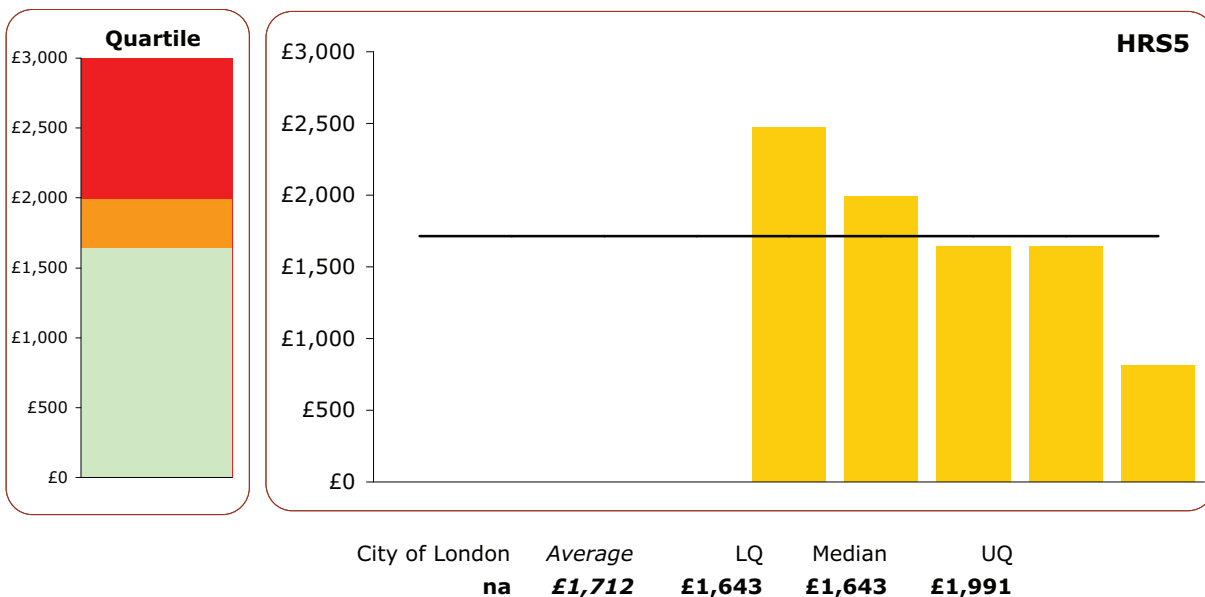
Reliance on agency staff can increase costs significantly and not necessarily represent value for money. Most organisations would therefore aim to reduce the proportion of their pay-bill spent on agency staff although they may (of course) need to use agency staff to good effect to manage variability in workload especially at short notice.



HRS5 Cost of recruitment per post filled

Rationale and expected impact on behaviour

This complements secondary indicator 4. While organisations should usually aim to reduce the unit cost of recruitment, they should examine the result of this indicator in conjunction with primary indicator 4 (leavers as a proportion of total staff) and secondary indicator 7 (the percentage of staff still in post after 12 months). Where organisations spend less on recruitment than their peers but have below average staff retention they may wish to consider whether extra investment in recruitment is likely to offer better value for money.

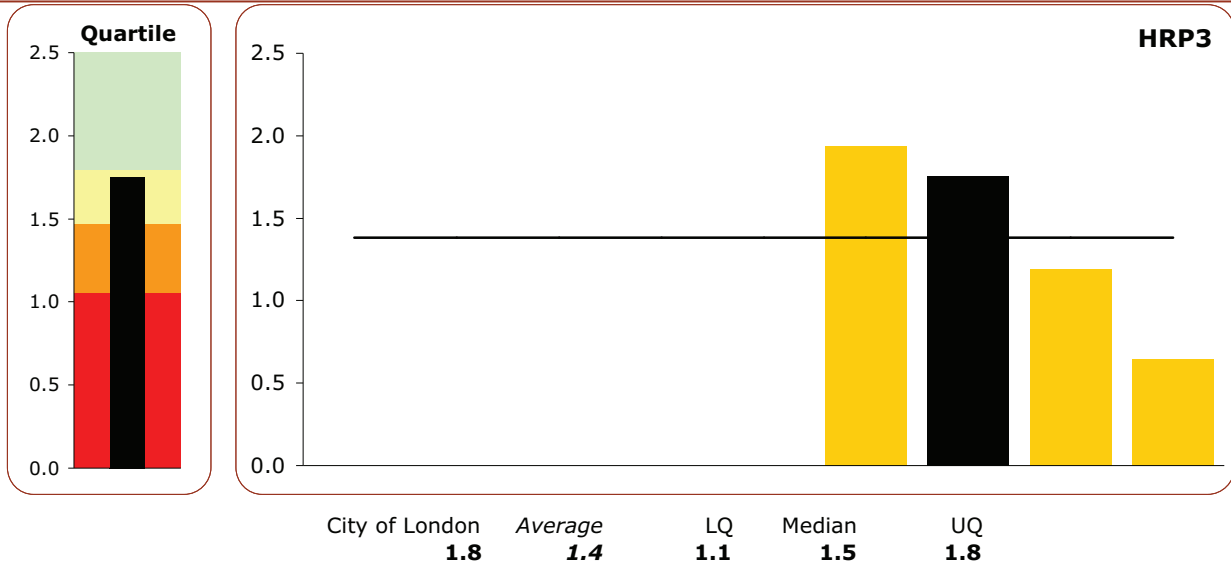


Section 2 - IMPACT

HRP3 Average days per full-time equivalent employee per year invested in learning and development

Rationale and expected impact on behaviour

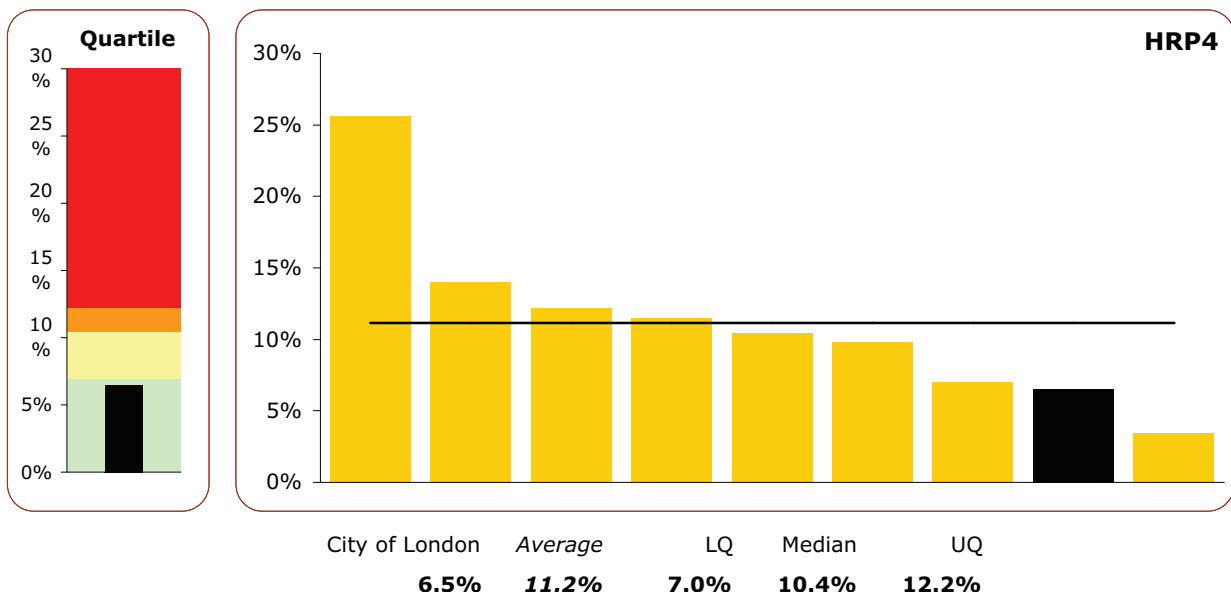
The investment in learning and development indicates the organisation's commitment to enhancing its capacity to deliver and improve. Organisations should compare their result for this indicator with their peers, investigating the reasons for any significant differences, taking into account factors such as any difference in the average degree of experience within the workforce and turnover of staff. This indicator is closely linked to secondary indicator 1 (the cost of learning and development activity).



HRP4 Leavers in the last year as a percentage of the average total

Rationale and expected impact on behaviour

This indicator aims to look at the stability of the workforce. Some turnover in an organisation is accepted as healthy but a high level of turnover can indicate problems in organisational leadership, culture and management and can impact on organisational performance (for example through loss of capacity, loss of valuable skills and knowledge etc). Organisations may wish to compare their turnover rates with their peers, examining whether there are robust reasons for any significant differences. In most circumstances organisations would seek to reduce the percentage of leavers over time.



HRP5 Average working days per employee (full time equivalent) per year lost through sickness absence

Rationale and expected impact on behaviour

Looks at the effectiveness of the HR function in terms of impact on the overall levels of sickness absence in the organisation through development of processes and procedures, and training for managers. Organisations should aim to reduce the number of days lost through sickness absence over time.

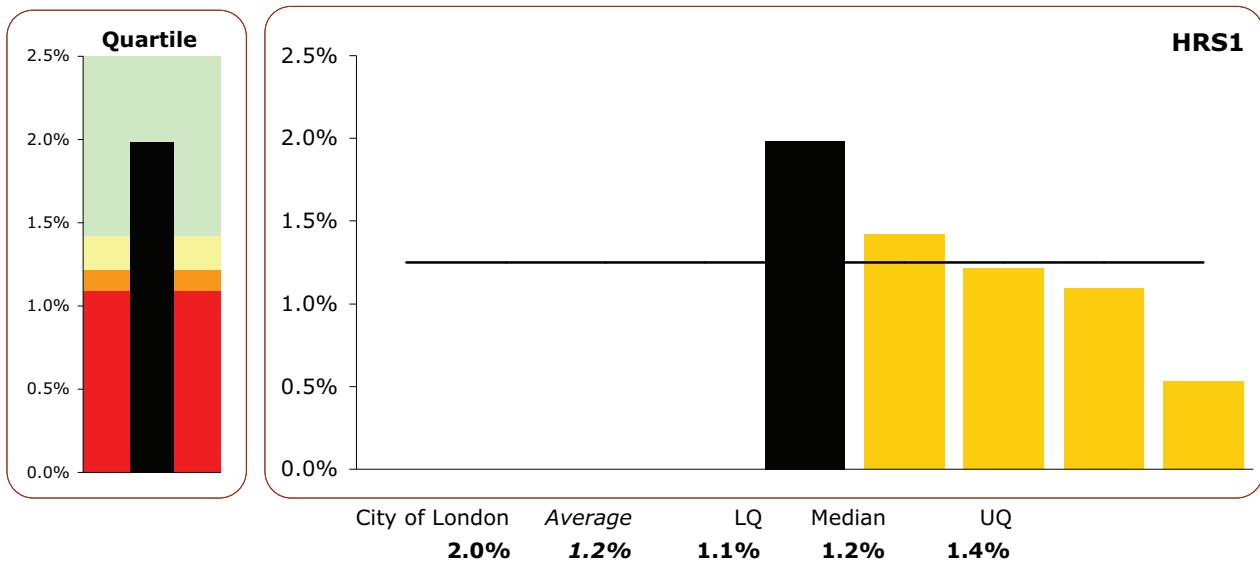


Secondary Indicators

HRS1 Cost of learning and development activity as percentage of the total pay-bill

Rationale and expected impact on behaviour

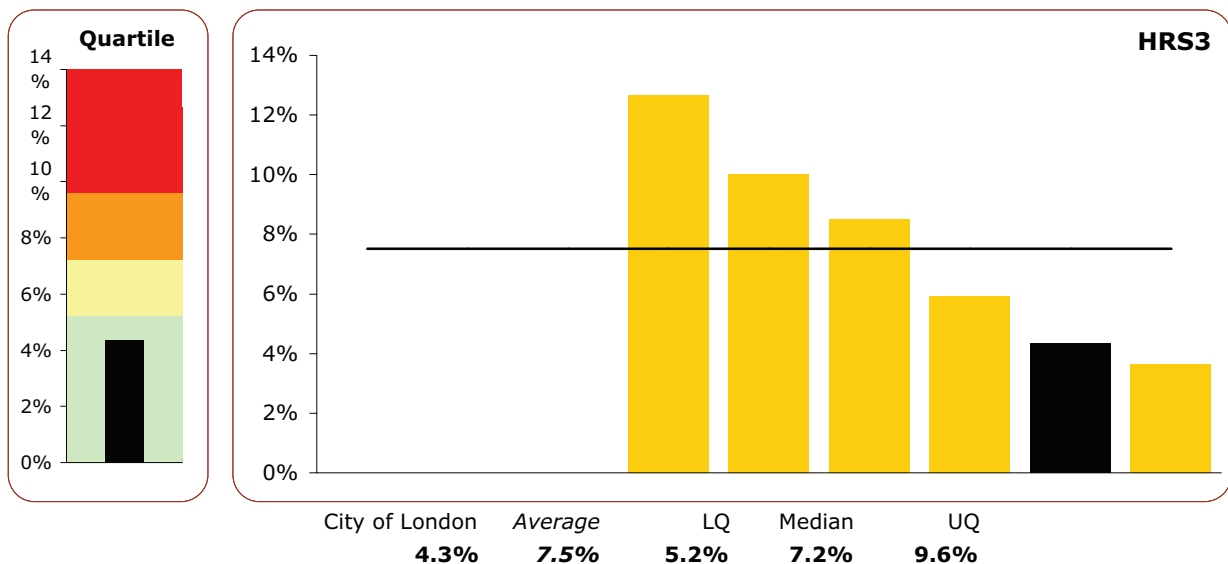
The level of expenditure on learning and development indicates the organisation's commitment to enhancing its capacity to deliver and improve. This complements primary indicator 3 (average days invested in learning and development per employee). In both cases organisations should compare their results with their peers, investigating the reasons for any significant differences, taking into account factors such as any difference in the average degree of experience within the workforce and turnover of staff. In many cases organisations would aim to achieve a period-on-period increase in their investment in learning and development activity.



HRS3 Percentage of posts currently in the leadership of the organisation which are filled by people who are not permanent in that position

Rationale and expected impact on behaviour

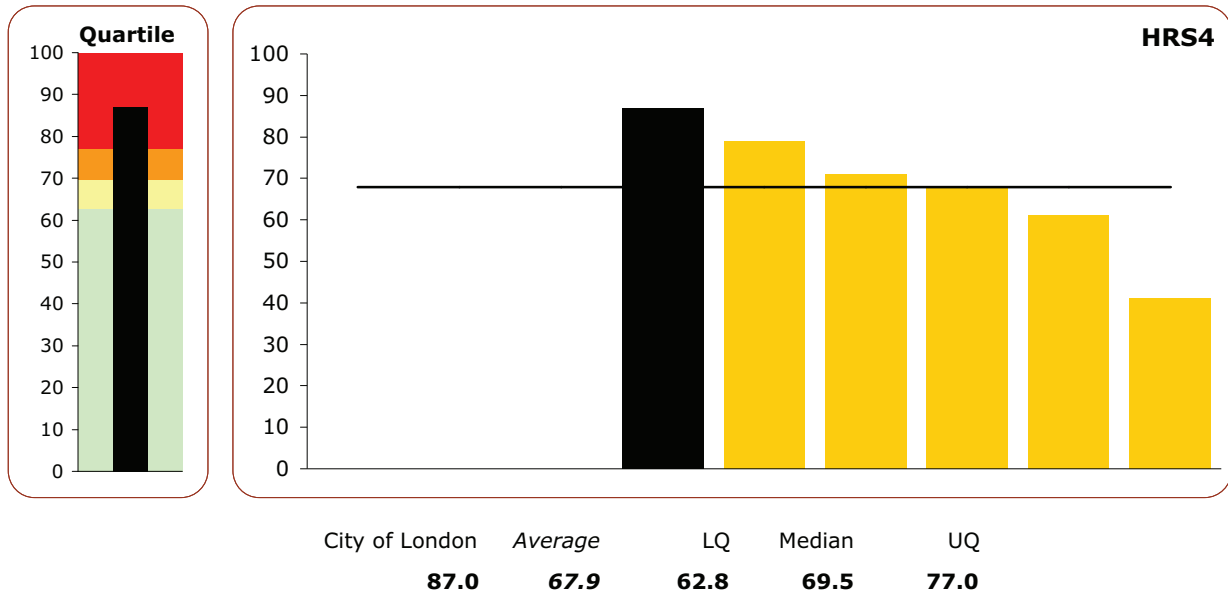
The degree of stability of the leadership of an organisation is a critical feature in terms of organisational performance and culture. Organisations performing at a sub-optimal level tend to have a significant proportion of non-permanent staff in leadership positions. In most cases organisations would therefore aim to reduce the percentage of non-permanent staff in leadership positions.



HRS4 Average elapsed time (working days) from a vacancy occurring to the acceptance of an offer for the same post

Rationale and expected impact on behaviour

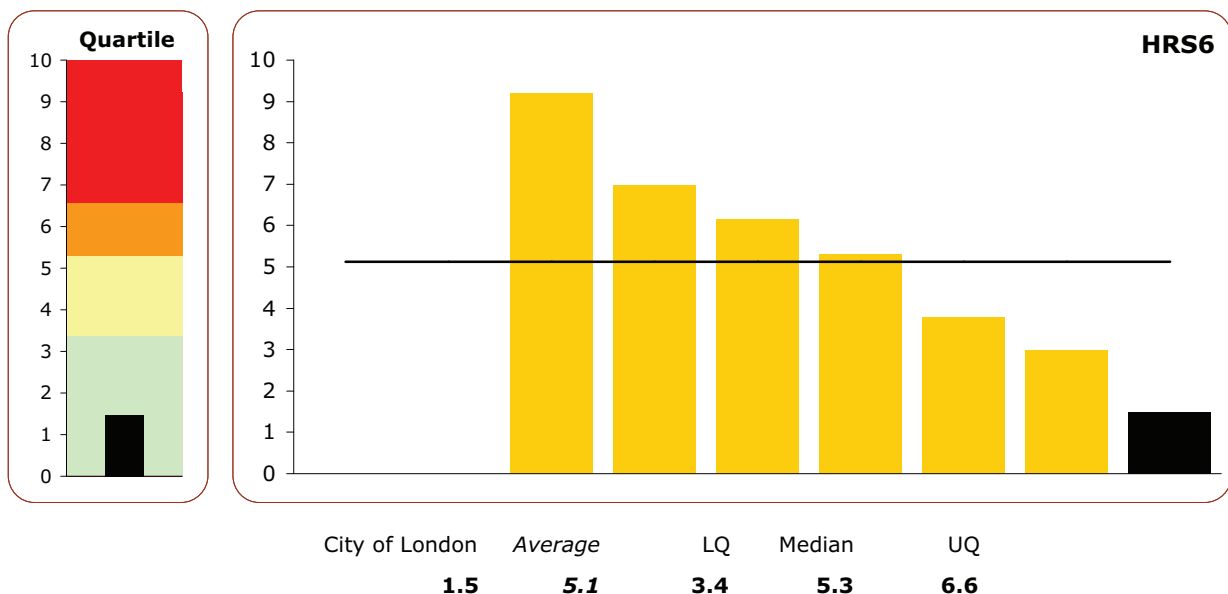
This is an indicator of efficiency for a key HR process – recruitment to fill vacant posts. Organisations should generally aim to reduce the number of working days needed to fill vacant posts. This indicator complements secondary indicator 5.



HRS6 Reported injuries, diseases and dangerous occurrences per 1,000 FTE per year

Rationale and expected impact on behaviour

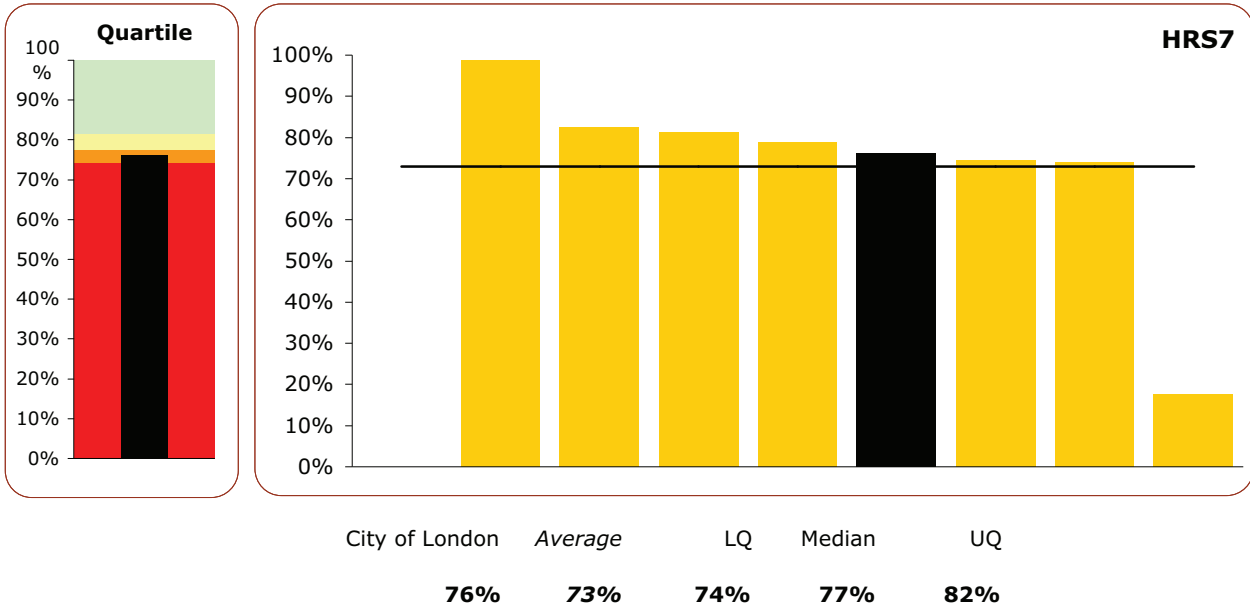
This measures the effectiveness of the organisation's health and safety procedures. Organisations would expect to achieve a period-on-period reduction in the number of incidents although organisations reporting extremely low figures compared to their peers may wish to consider whether all relevant occurrences are correctly reported.



HRS7 Percentage of people that are still in post after 12 months

Rationale and expected impact on behaviour

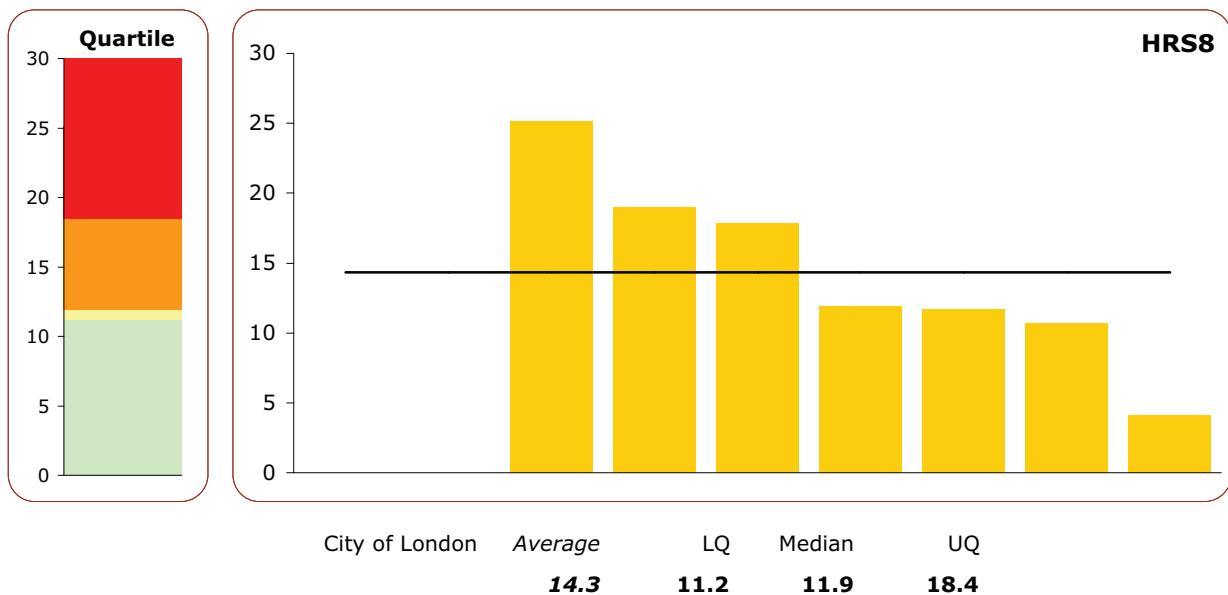
The level of turnover in the first year is an indicator of the effectiveness of the organisation's recruitment and induction processes. This is closely linked to primary indicator 4 (leavers as a proportion of total staff). Organisations would expect to achieve a period-on-period increase in the number of people still in post after 12 months.



HRS8 Cases of disciplinary action per 1,000 employees

Rationale and expected impact on behaviour

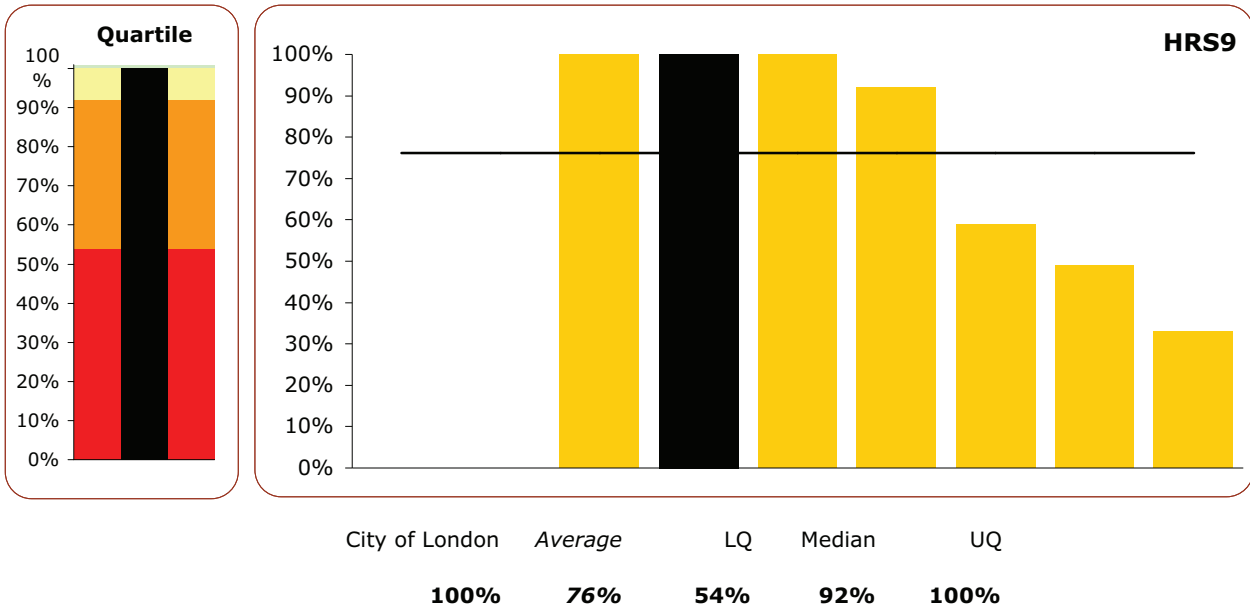
To measure the extent to which capability/performance and conduct are actively managed. Organisations would usually expect to achieve a period-on-period reduction in the number of cases. However where no cases are actioned or where the number is considerably less than for peers with no apparent plausible explanation, organisations may wish to investigate whether managers are correctly applying disciplinary procedures.



HRS9 Percentage of staff who receive (at least) an annual face to face performance appraisal

Rationale and expected impact on behaviour

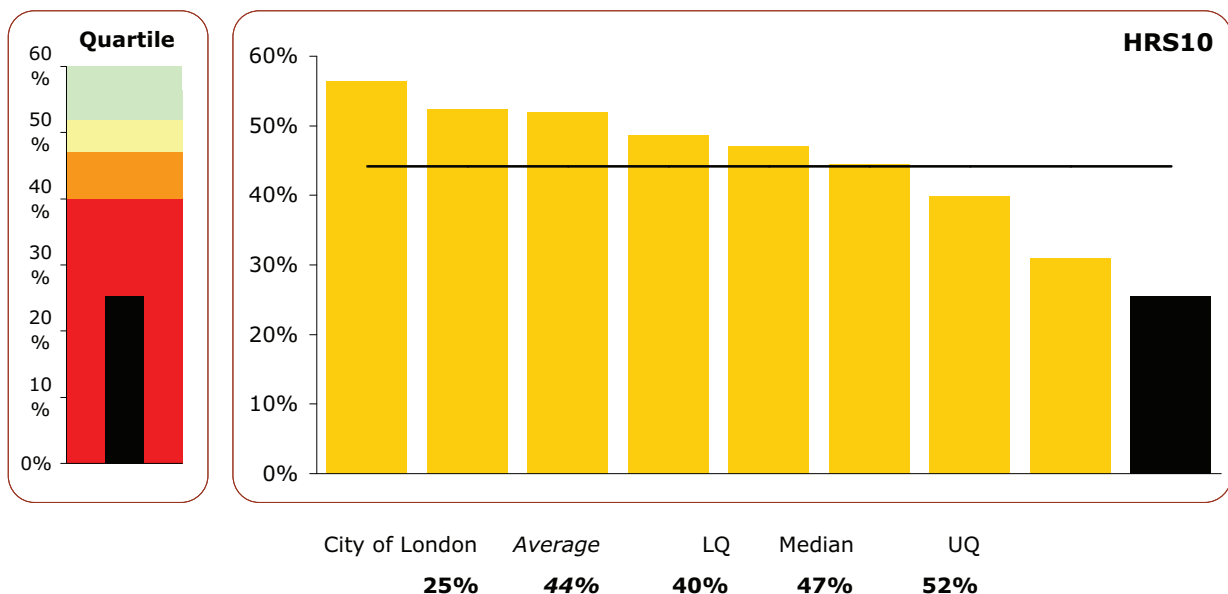
To measure the coverage of individual performance management processes across the organisation. Organisations should aim to move towards achieving 100 per cent for this indicator (particularly in respect of their permanent staff).



HRS10 Percentage of leadership posts occupied by women

Rationale and expected impact on behaviour

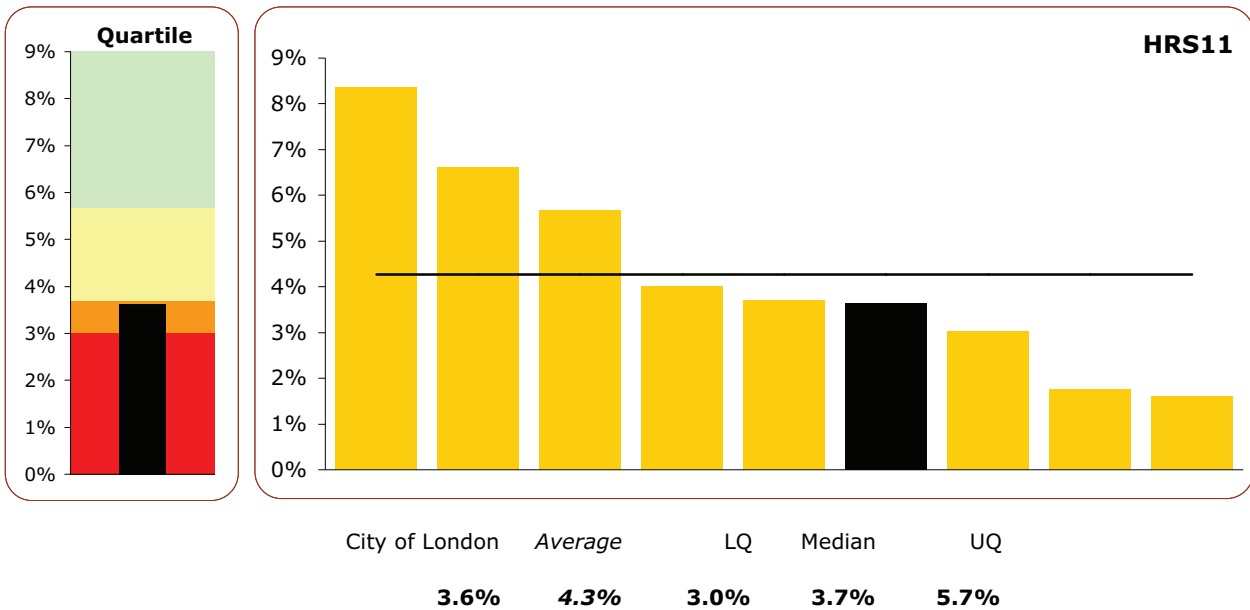
To monitor progress in the achievement of equality of opportunity in employment for leadership posts. Organisations should compare their achievement against this indicator with their peers and, in most cases, should seek to secure a period-on-period increase in respect of this indicator.



HRS11 Percentage of employees who consider themselves to have a disability

Rationale and expected impact on behaviour

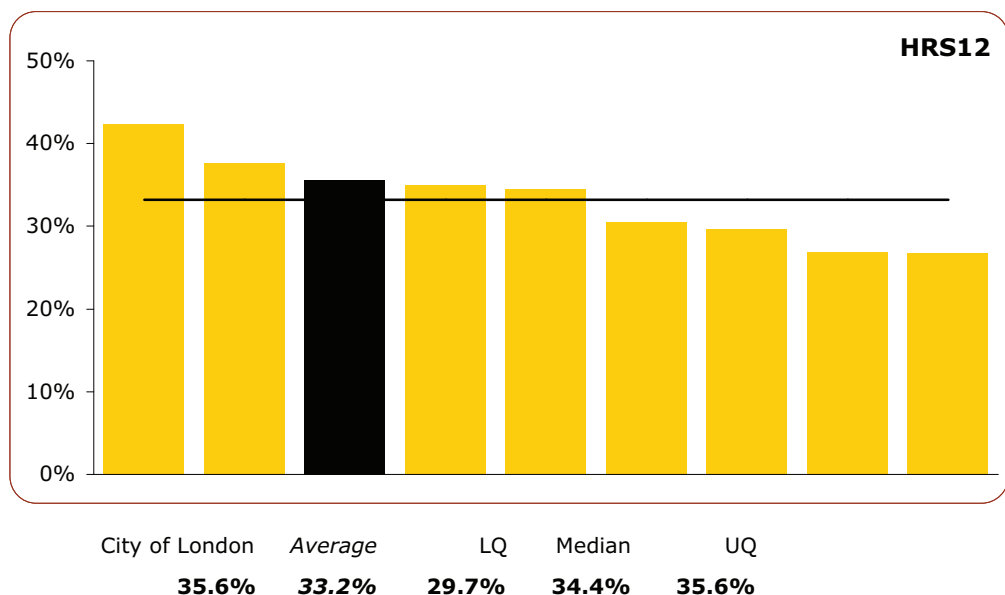
To monitor progress in the achievement of equality of opportunity in employment. Organisations should compare their achievement against this indicator with that of their peers and consider how the composition of their workforce might move towards a position that, for example, is more representative of the community they serve.



HRS12 Percentage of employees aged 50 or over

Rationale and expected impact on behaviour

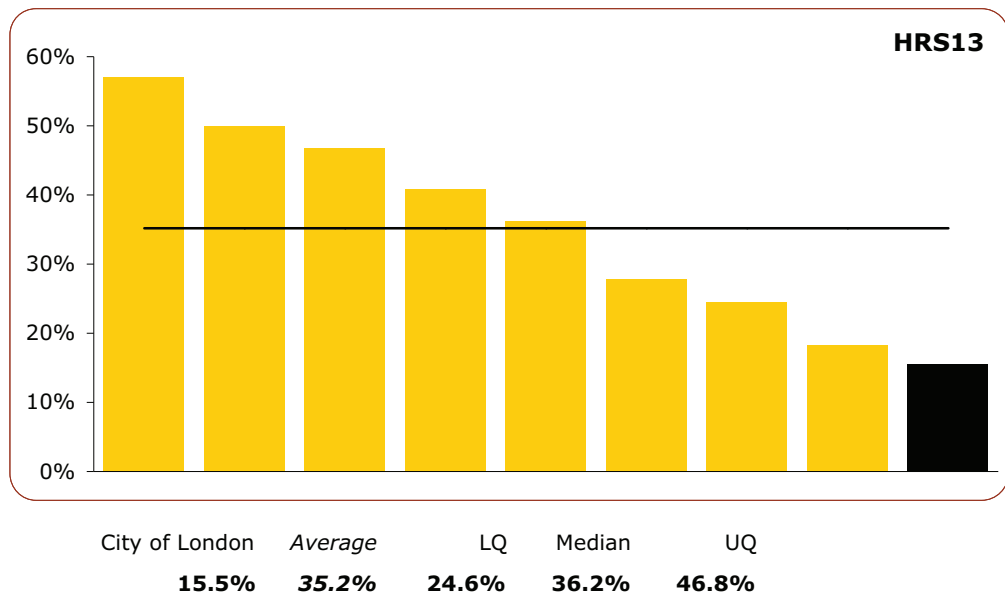
To monitor progress in the achievement of equality of opportunity in employment. Organisations should compare their achievement against this indicator with that of their peers and consider how the composition of their workforce might move towards a position that, for example, is more representative of the community they serve.



HRS13 Percentage of Black and Minority Ethnic (BME) employees in the workforce

Rationale and expected impact on behaviour

To monitor progress in the achievement of equality of opportunity in employment. Organisations should compare their achievement against this indicator with that of their peers and consider how the composition of their workforce might move towards a position that, for example, is more representative of the community they serve.



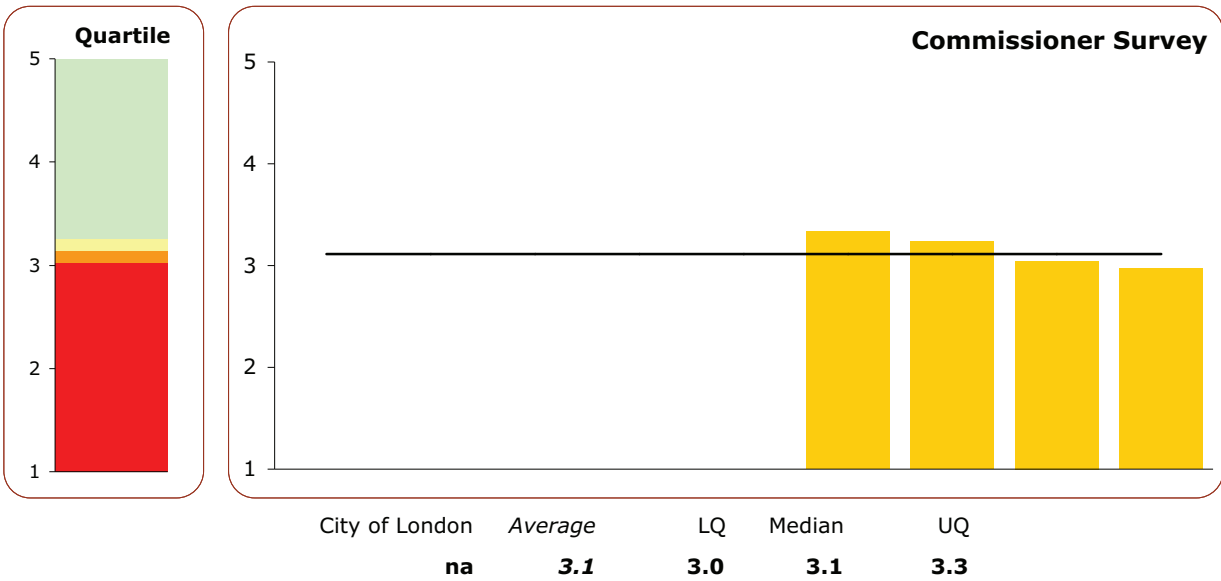
Section 3 - SATISFACTION

Rationale and expected impact on behaviour

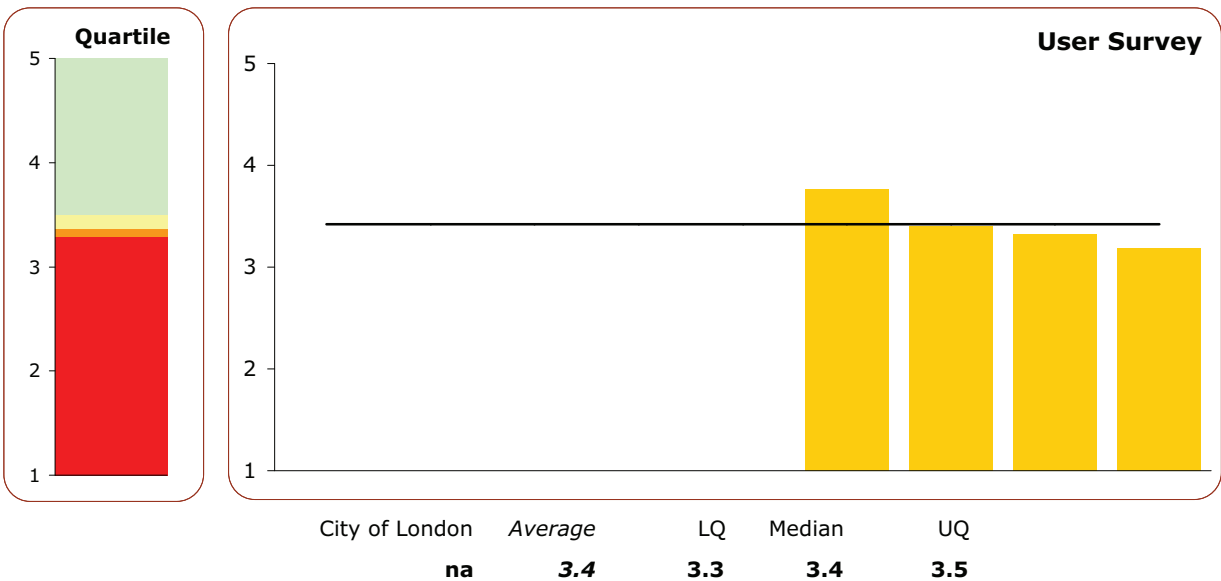
This indicator examines the effectiveness of the HR function by assessing the perceptions of its commissioners and users. The indicators have been identified because they are considered to indicate whether the function communicates effectively with its commissioners and users, and is responsive to the requirements of the organisation.

Over time, organisations should seek to increase the proportion of commissioners and users agreeing with the statements.

HRP6(a) Commissioner satisfaction average score



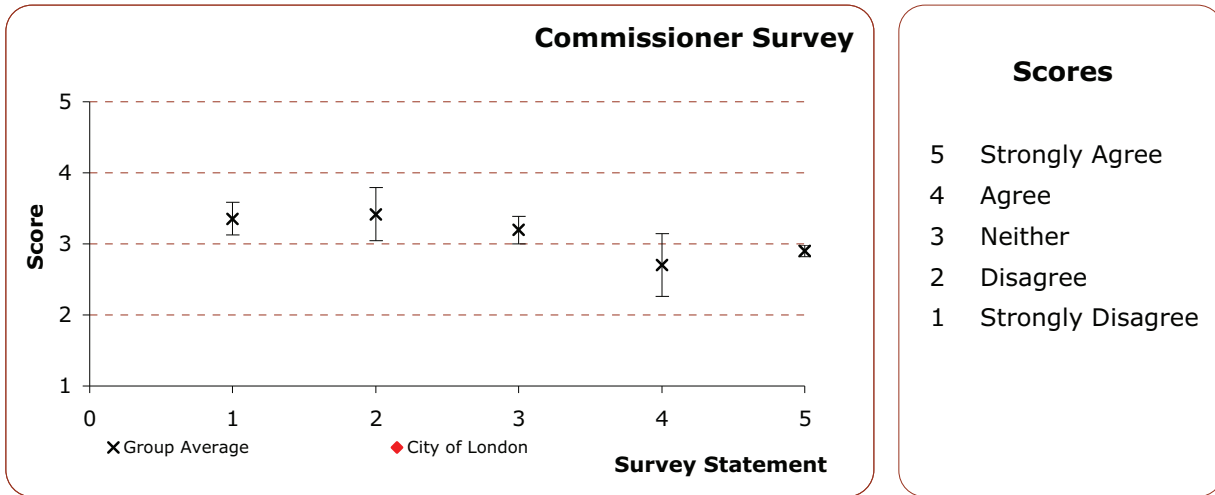
HRP6(b) User satisfaction average score



Analysis of individual statement scores

These charts show the average performance scores for all participants as black x's. The black error bars show one standard deviation either side of the mean. Approximately 65 - 70% of the organisations will fall within this range. The red diamond is the average score for your organisation.

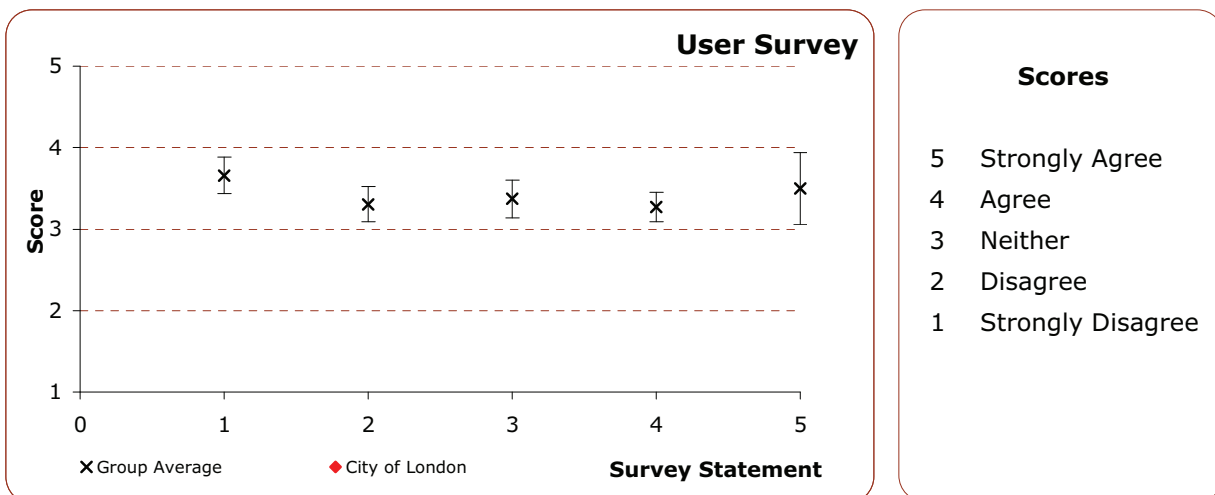
Commissioner Survey



Survey Statements

- The HR function supports delivery of the organisation’s strategic objectives
- The HR function provides quality advice when I need it
- The HR function enables me to address people management issues
- The HR function anticipates the organisation’s workforce issues and addresses them
- The HR function provides value for money

User Survey

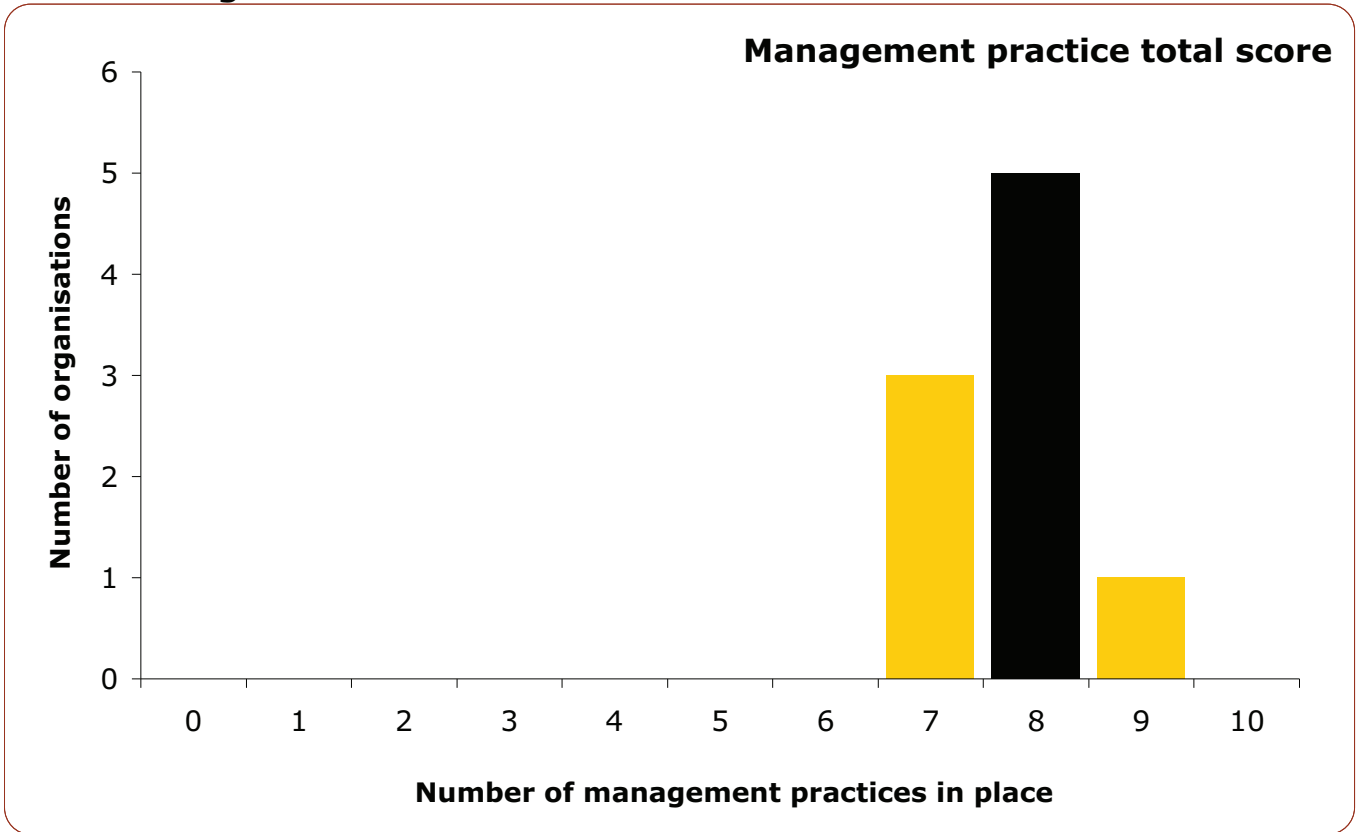


Survey Statements

- The organisation offers flexible remuneration and benefits options which take account of the different needs of staff
- The organisation takes the well-being of staff seriously
- The appraisal process helps me set measurable objectives which make clear what is expected of me
- I receive appropriate learning and development in relation to my needs
- I know where to go if I have a query relating to an HR issue

Section 4 - MANAGEMENT PRACTICE INDICATORS

HRP7 Management Practice Indicators

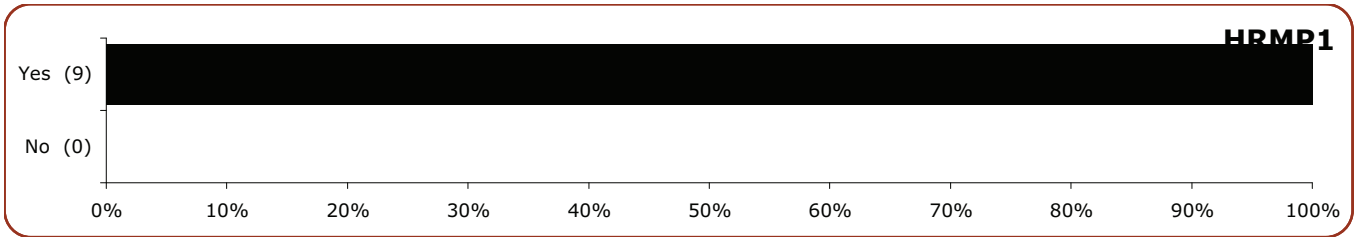


City of London *Average* LQ Median UQ
8.00 7.78 7.00 8.00 8.00

		Yes	No	% Yes	% No
HRMP1	Yes	9	0	100.0%	0.0%
HRMP2	Yes	7	2	77.8%	22.2%
HRMP3	Yes	7	2	77.8%	22.2%
HRMP4	Yes	8	1	88.9%	11.1%
HRMP5	Yes	8	1	88.9%	11.1%
HRMP6	Yes	9	0	100.0%	0.0%
HRMP7	No	3	6	33.3%	66.7%
HRMP8	Yes	7	2	77.8%	22.2%
HRMP9	No	3	6	33.3%	66.7%
HRMP10	Yes	9	0	100.0%	0.0%

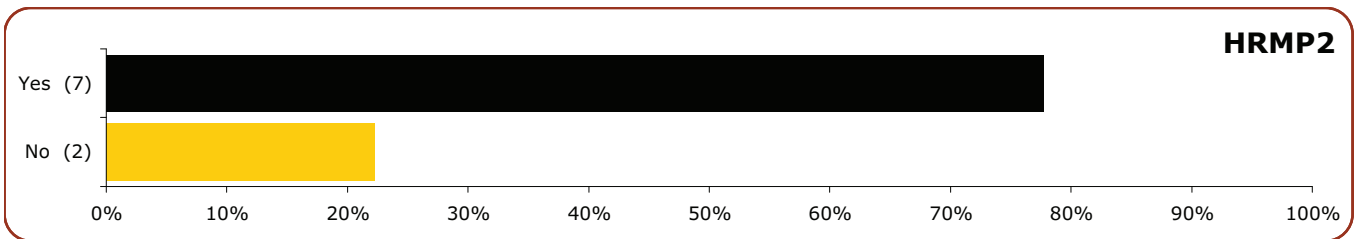
HRMP1

Within the last three years the HR Function has reviewed and rationalised the number of sets of Terms and Conditions in use in the organisation by 5%



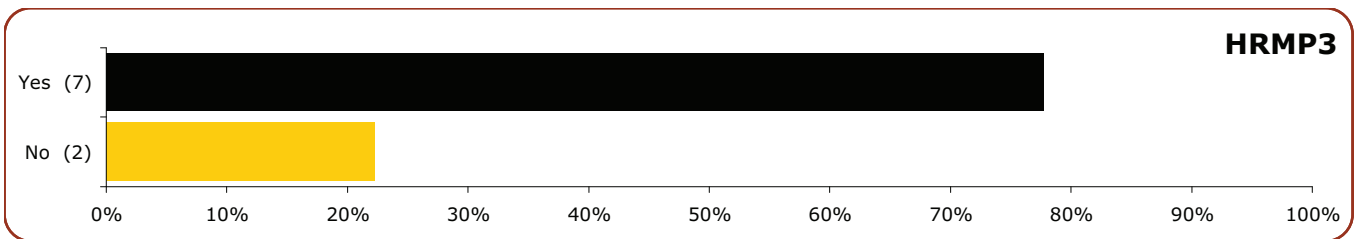
HRMP2

The organisation has undertaken equality impact assessments across all key service areas within the last three years, and is implementing an action plan which targets areas of vulnerability



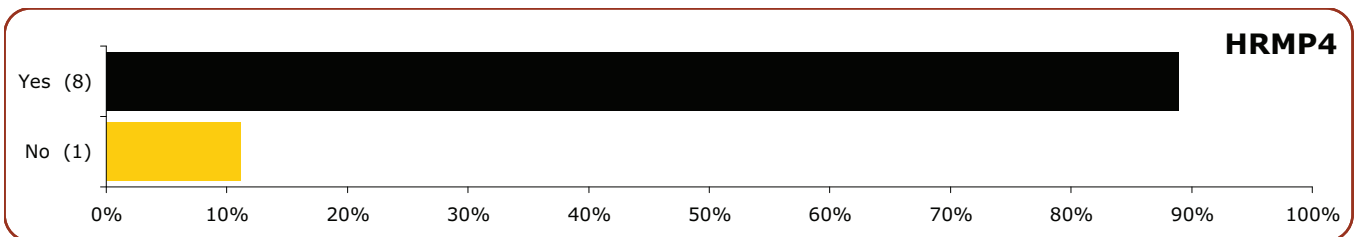
HRMP3

There is employee self-service through desktop access to modify non-sensitive HR data



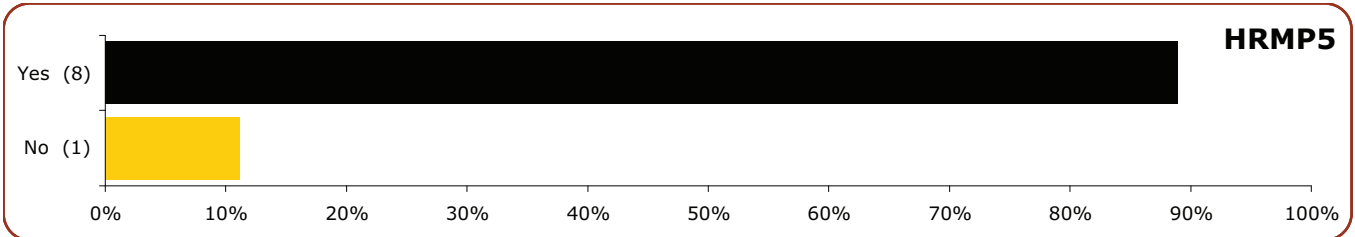
HRMP4

All employees have clear and measurable outcome based targets set at least annually



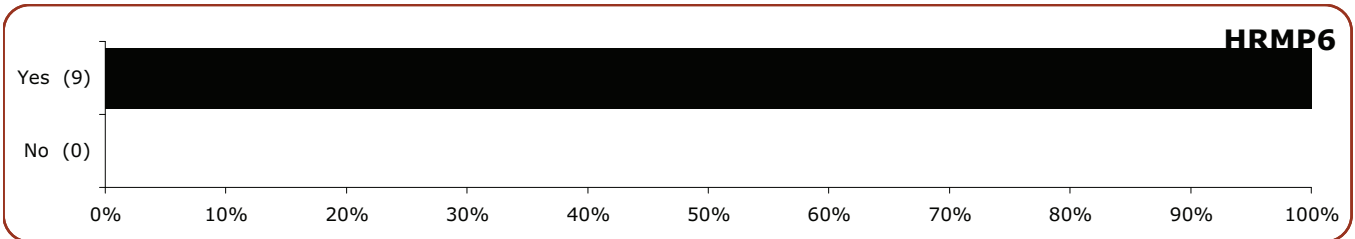
HRMP5

All employees have had a formal, documented performance review at least on an annual basis which can track personal/professional improvement



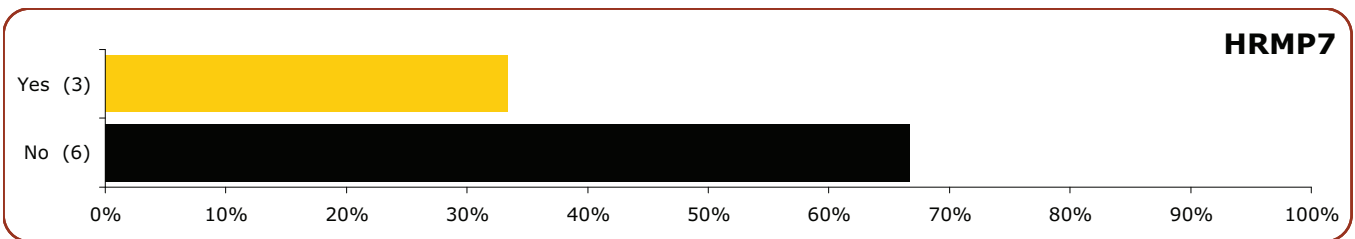
HRMP6

The organisation carries out a survey of staff satisfaction levels at least biennially, publishes the results, has developed an action plan and monitors delivery of that plan on at least a quarterly basis



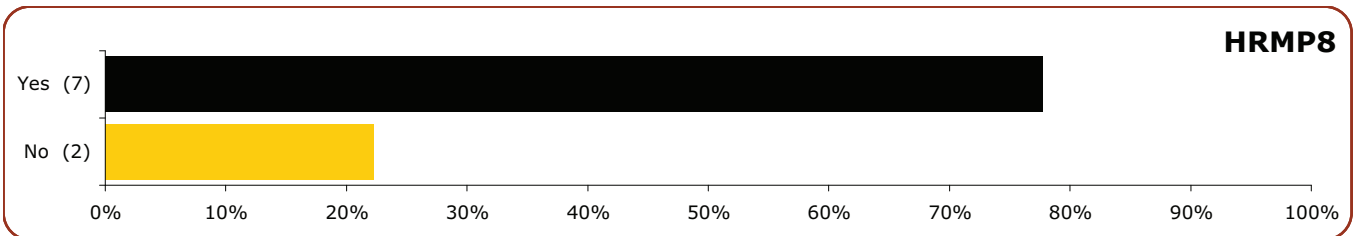
HRMP7

The organisation explicitly requests that employees declare that they have complied with any Continuous Professional Development (CPD) requirements of their professional institute (where applicable)



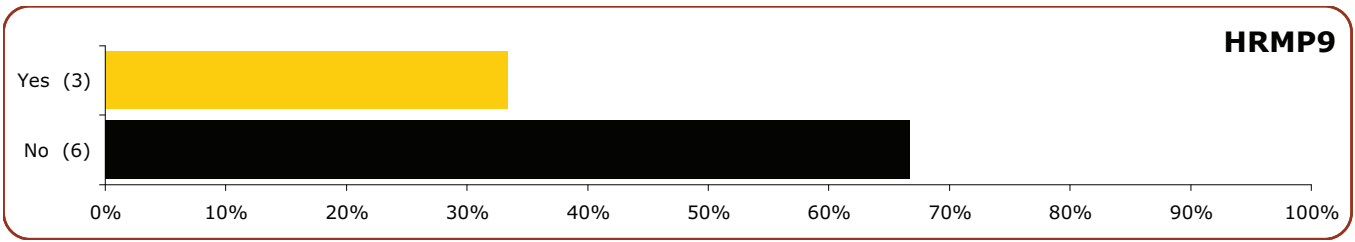
HRMP8

The organisation has a statement which anticipates the workforce requirements of the organisation over the medium-term (at least 3 years) and an action plan agreed by the Executive/ Corporate Management Team which sets out how those requirements are met and is monitored on a 6 monthly or more frequent basis



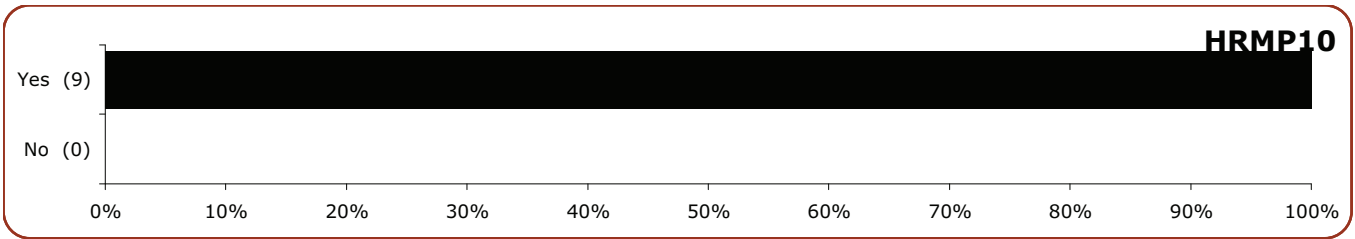
HRMP9

A comprehensive professional development programme is in place for professional HR staff which ensures that they receive at least 5 days of continuing professional development per annum



HRMP10

It is possible to apply online for all vacancies for which external applications are invited



Section 5 - TABULAR DATA

	City of London	Average	Lower Quartile	Median	Upper Quartile	
Primary Indicators						
HRP1(ai)	Cost of the HR function as a % organisational running costs (including L&D)	0.74%	0.87%	0.63%	0.76%	1.17%
HRP1(aii)	Cost of the HR function as a % organisational running costs (excluding L&D)	0.50%	0.44%	0.36%	0.43%	0.52%
HRP1(b)	Cost of the HR function per fte (including L&D)	£1,247	£1,032	£851	£932	£1,161
HRP1(b)	Cost of the HR function per fte (excluding L&D)	£838	£604	£486	£529	£684
HRP2	Ratio of employees to HR staff (including L&D)	52	100	87	122	125
HRP2	Ratio of employees to HR staff (excluding L&D)	55	114	97	124	140
HRP2	Ratio of employees to L&D staff	1001	979	896	1001	1073
HRP3	Average days per full-time equivalent employee per year invested in learning and development	1.8	1.4	1.1	1.5	1.8
HRP4	Leavers in the last year as a % of the average total staff	6.5%	11.2%	7.0%	10.4%	12.2%
HRP5	Average working days per employee per year lost through sickness absence	7.1	8.8	7.3	8.7	9.8
Secondary Indicators						
HRS1	Cost of learning and development activity as % total pay-bill	2.0%	1.2%	1.1%	1.2%	1.4%
HRS2	Cost of agency staff as a % total payroll	8.4%	7.5%	5.0%	7.4%	8.8%
HRS3	% posts in the leadership which are filled by people who are not permanent in that position	4.3%	7.5%	5.2%	7.2%	9.6%
HRS4	Average elapsed time (days) from a vacancy occurring to the acceptance of an offer for the same post	87.0	67.9	62.8	69.5	77.0
HRS5	Cost of recruitment per post filled	na	£1,712	£1,643	£1,643	£1,991
HRS6	Reported injuries, diseases and dangerous occurrences per 1,000 employees	1.5	5.1	3.4	5.3	6.6
HRS7	% people that are still in post after 12 months service	76%	73%	74%	77%	82%
HRS8	Cases of disciplinary action per 1,000 employees		14.3	11.2	11.9	18.4
HRS9	% staff who receive (at least) an annual face to face performance appraisal	100%	76%	54%	92%	100%
HRS10	% leadership posts occupied by women	25%	44%	40%	47%	52%
HRS11	% employees who consider themselves to have a disability	3.6%	4.3%	3.0%	3.7%	5.7%
HRS12	% employees aged 50 or over	36%	33%	30%	34%	36%
HRS13	% Black and Minority Ethnic (BME) employees in the workforce	15.5%	35.2%	24.6%	36.2%	46.8%

Democratic Services Benchmarking Club 2013

City of London Corporation

COMPARATOR REPORT

Barking
City of London
Enfield
Lambeth
Richmond
Tower Hamlets

Brent
Croydon
Kensington
Newham
Sutton
Waltham Forest

Computed and printed by:
CIPFA Business Limited
3 Robert Street, London, WC2N 6RL
Tel: 0203 117 1840

INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
1 General Information	4
2 Committee Support	5
3 School Appeals	11
4 Member Support	12
5 Civic Mayor's Office	15
6 Overview & Scrutiny	17

Section 1 - General Information

In this section we provide some feedback on the contextual type information found at the start of the questionnaire regarding the make-up of council members and the type of mayor each authority has.

Section 2 - Committee Support

The main benchmarks in this section are the cost per 1,000 population of Committee Support for 2012/13 and 2013/14.

We also feed back information on:

- number and types of meetings
- services provided by Committee Support staff
- printing
- individual decisions

The population figures used in the calculations throughout this report are taken from the ONS mid-2010 estimates.

Section 3 - School Appeals

In this section we examine the costs involved in hearing and processing school appeals and also analyse the information regarding the ways in which appeals are resolved.

Section 4 - Member Support

This section looks at the cost per member in terms of staff and other direct costs and the basic and special responsibility allowances.

We also look at the expenditure on SRA's in more detail.

Section 5 - Civic Mayor's (or equivalent) Office

The main benchmark here is the cost per 1,000 population of the Mayor's Office for 2013/14.

We then run comparisons of the number of engagements held by the Mayor and Deputy Mayor.

Section 6 -Overview & Scrutiny

The main benchmark here is the cost per 1,000 population of Scrutiny for 2013/14.

Feedback on workloads e.g. allocation of FTE time and scrutiny effort by activity, number of requests for scrutiny, scrutiny reviews and call-ins are also provided in this section.

PREFACE

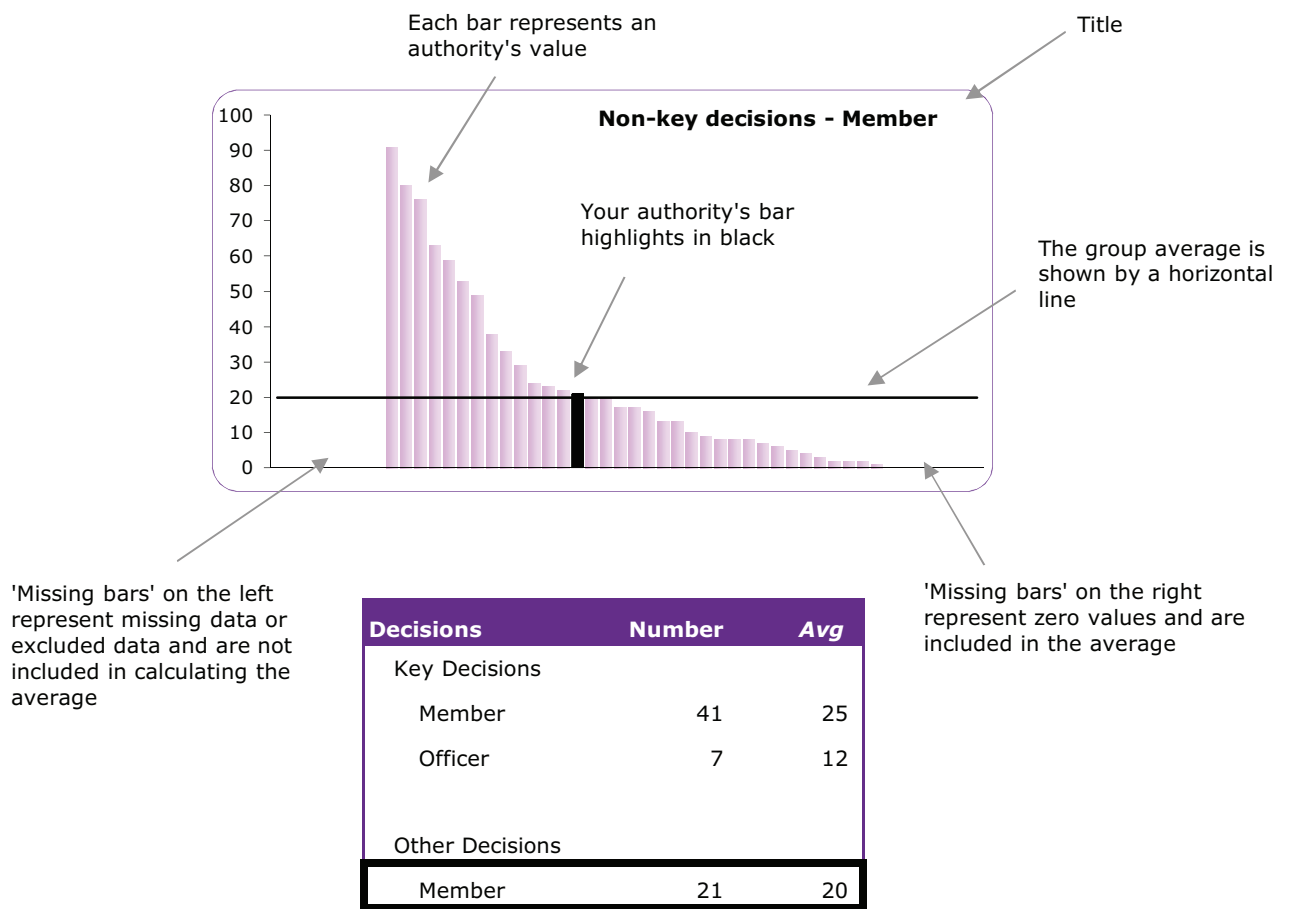
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in both tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way in which we present this data.

Averages: Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded, and for this reason sets of averages sometimes do not reconcile precisely.

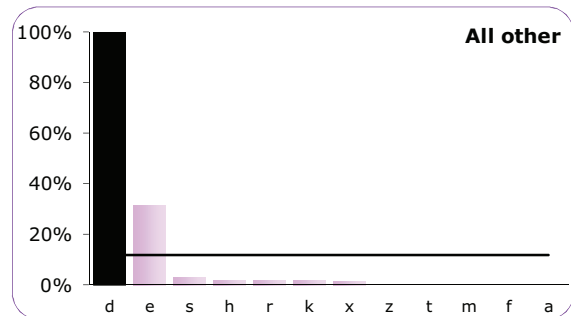
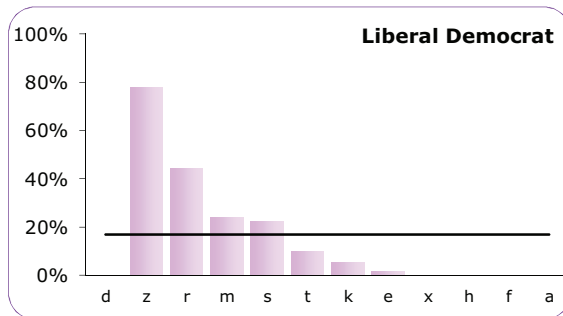
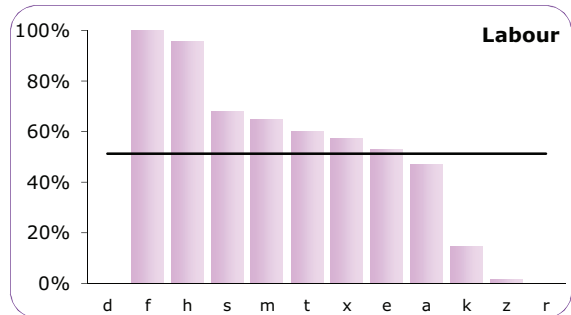
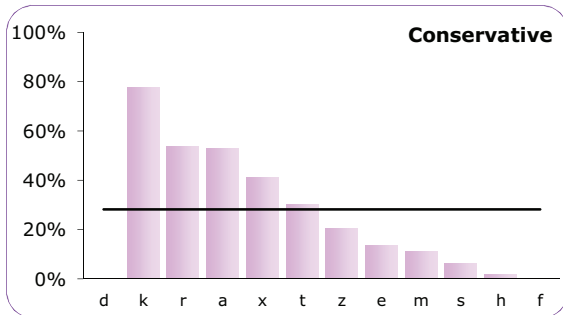
Charts: We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc.). Below we have annotated an example chart to help explain what it shows.

Bar Charts: These are our standard method of displaying a full set of data



SECTION 1 - GENERAL INFORMATION

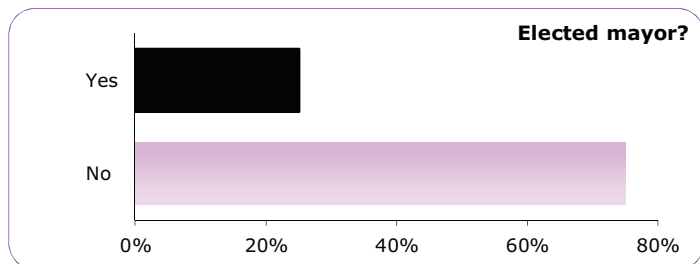
Council Members



Council members	Number	%	Avg
Conservative	..	na	28%
Labour	..	na	51%
Liberal Democrat	..	na	17%
All other	125	100%	12%
Total	125		

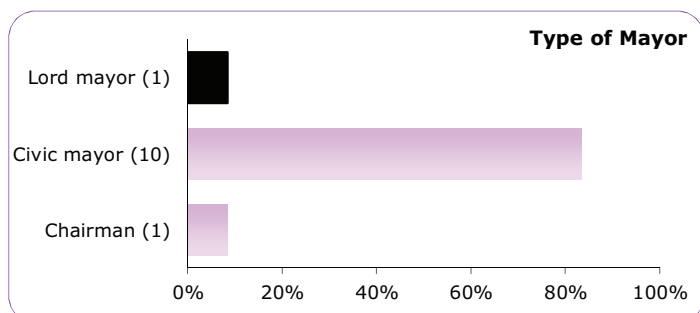
Does your authority have an elected mayor?

Authorities	Avg
Elected mayor ✓	25%



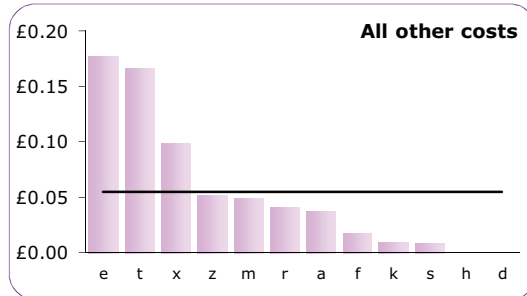
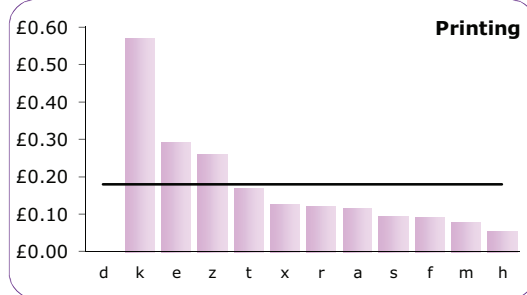
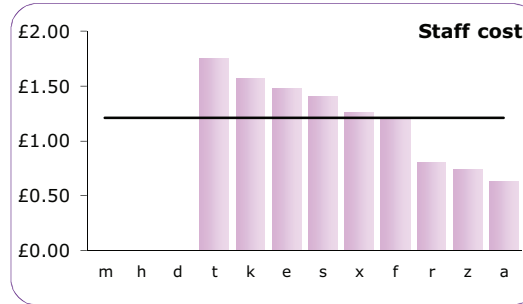
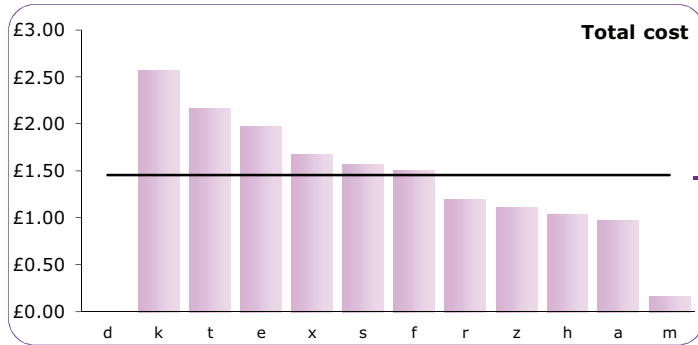
What type of mayor does your authority have?

Authorities	Avg
Lord mayor ✓	8%
Civic mayor ✗	83%
Chairman ✗	8%



SECTION 2 - COMMITTEE SUPPORT

**Cost per 1,000 pop.
2012/13 out-turn**

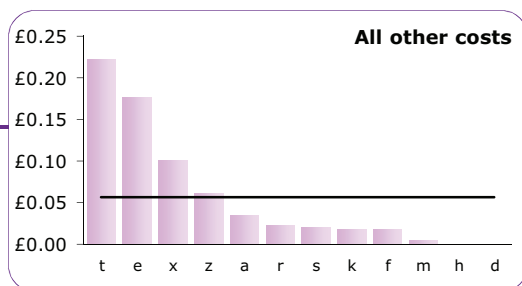
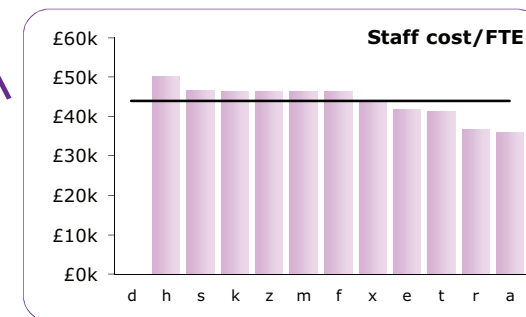
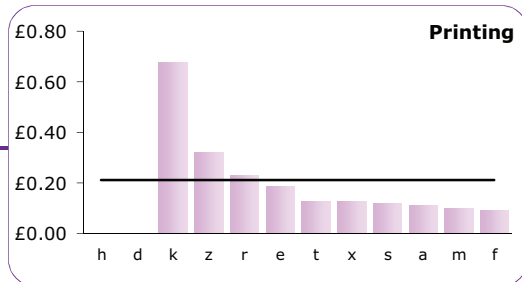
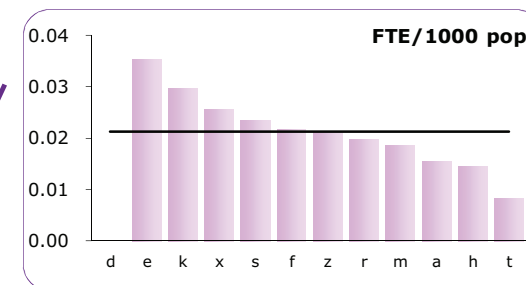
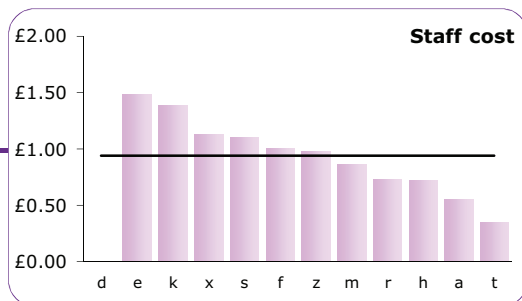
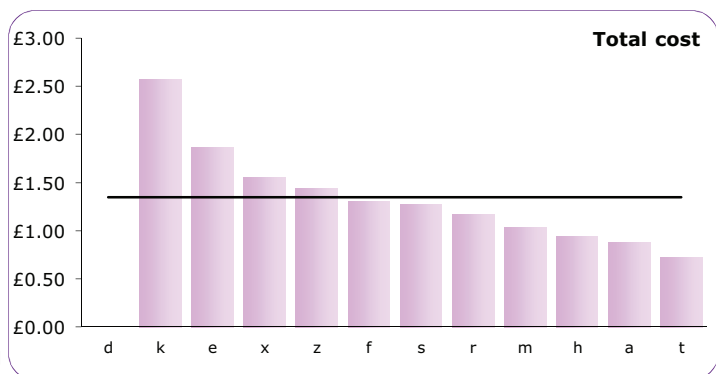


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Population #N/A

Costs	£	£/1000	Avg
Staff cost	258k	na	£1.21
Printing	102k	na	£0.18
Meetings	38k	£0.00	£0.09
IT	7k	na	£0.04
Other costs	5k	£0.00	£0.05
Total cost	410k	na	£1.45

**Cost per 1,000 pop.
2013/14 budget**



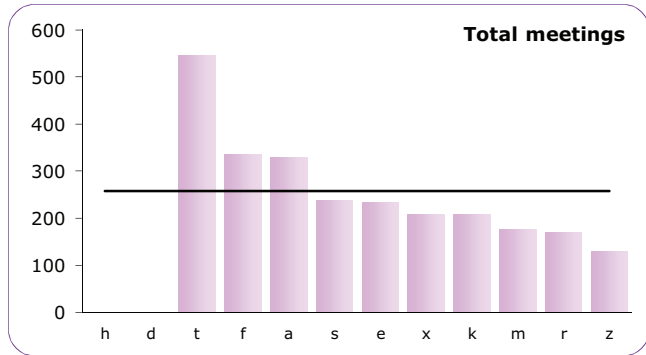
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Population #N/A

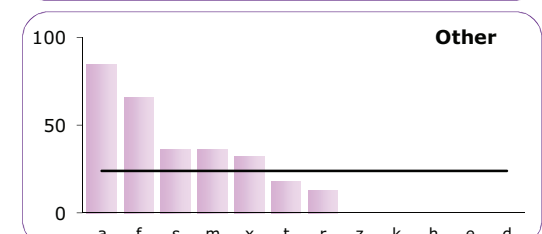
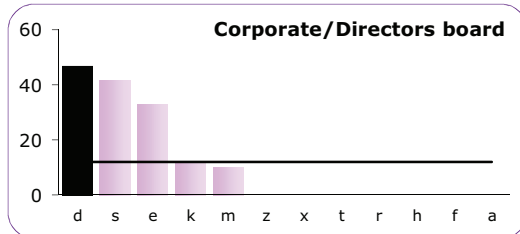
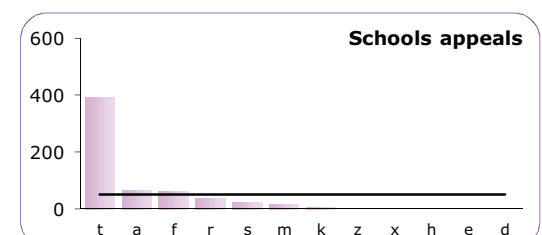
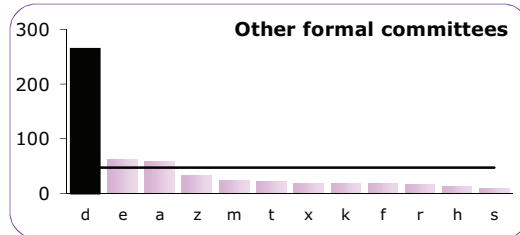
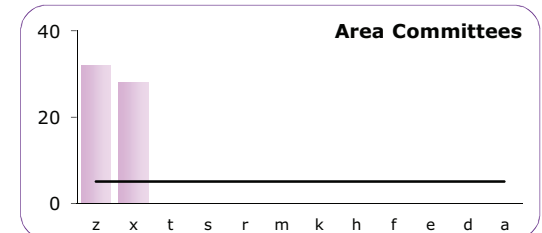
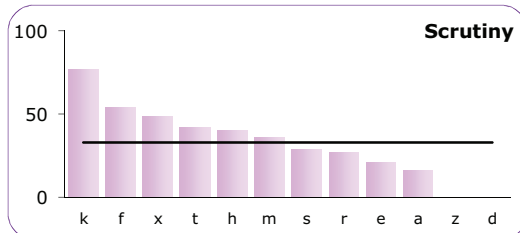
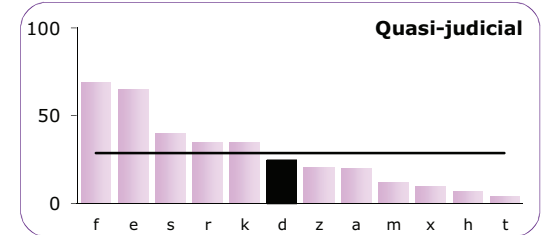
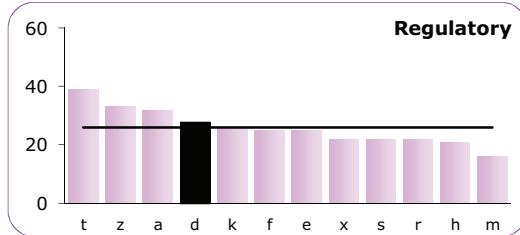
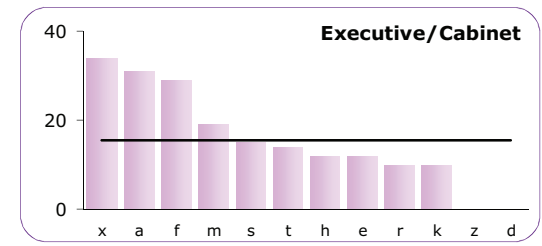
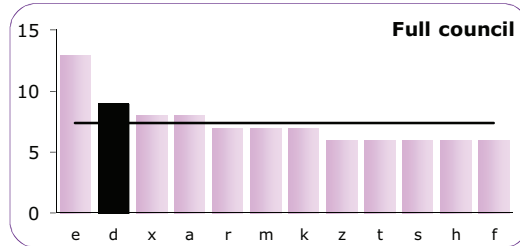
Costs	£k	£/1000	Avg
Staff cost	322k	na	£0.94
Printing	90k	na	£0.21
Meetings	40k	£0.00	£0.09
IT	7k	na	£0.04
Other costs	8k	£0.00	£0.06
Total cost	467k	na	£1.35

FTE information	FTE	FTE/1000	Avg
FTE Staff	8.8	na	0.02
Cost per FTE	na		£44k

Meetings information



Meeting type	Number	Avg
Full Council	9	7
Executive/Cabinet	-	16
Regulatory	28	26
Quasi-judicial	25	29
Scrutiny	-	33
Area Committees	-	5
Other formal committees	267	47
Schools appeals	-	51
Corporate/Directors board	47	12
Shared Services Mgt Board	-	1
Police & Crime Panel	-	2
Health & Wellbeing	4	4
Other	-	24
Total meetings	na	258



Tabular meetings information

Own Authority	Before 5pm	After 5pm	Total hours	Total Agenda pages
Full Council	9	-	9	269,000
Executive/Cabinet	-	-	..	..
Regulatory	28	-	49	380,508
Quasi-judicial	25	-	24	19,600
Scrutiny	-	-	..	..
Area Committees	-	-	..	..
Other formal committees	267	-	382	1,412,594
Schools appeals	-	-	..	..
Corporate Mgt/Directors Board	47	-	62	69,760
Shared Services Mgt Board	na	-	..	..
Police & Crime Panel	na	-	..	..
Health & Wellbeing	4	-	7	9,640
All others	-	-	..	..
Total meetings	na	-	532	2,161,102

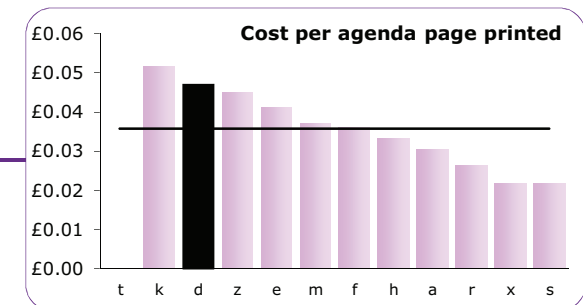
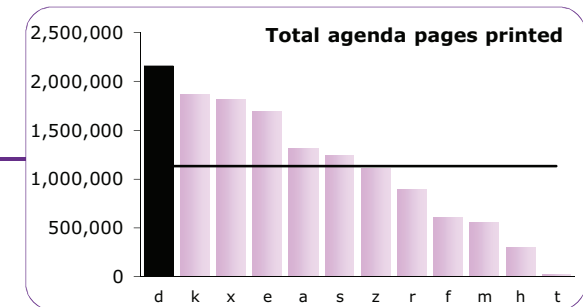
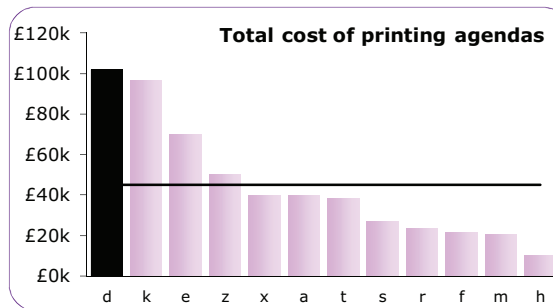
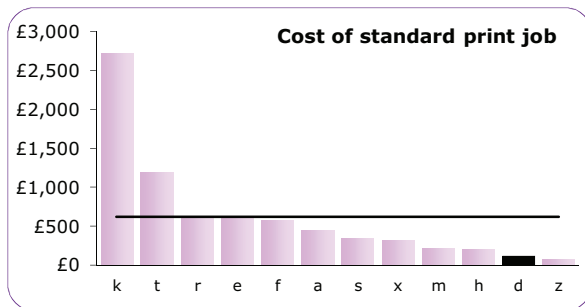
Averages	Before 5pm	After 5pm	Total hours	Total Agenda pages
<i>Full Council</i>	1	7	17	139,141
<i>Executive/Cabinet</i>	1	15	20	168,560
<i>Regulatory</i>	5	21	50	162,549
<i>Quasi-judicial</i>	17	12	58	145,782
<i>Scrutiny</i>	1	31	73	155,801
<i>Area Committees</i>	0	5	16	27,364
<i>Other formal committees</i>	26	22	70	187,353
<i>Schools appeals</i>	41	10	62	17,637
<i>Corporate Mgt/Directors Board</i>	12	-	30	25,160
<i>Shared Services Mgt Board</i>	1	-	4	600
<i>Police & Crime Panel</i>	1	1	4	1,522
<i>Health & Wellbeing</i>	2	2	8	7,870
<i>All others</i>	12	12	61	158,167
Total meetings	103	141	473	1,131,884

Services provided by Committee Support

Services	Full Council		Executive		Regulatory		Quasi-judicial		Scrutiny		Area Committees		Schools		Corporate	
	✓	Avg	✗	Avg	✓	Avg	✓	Avg	✗	Avg	✗	Avg	✗	Avg	✓	Avg
Attend pre-meeting	✓	100%	✗	67%	✓	83%	✓	75%	✗	67%	✗	8%	✗	42%	✓	17%
Produce agendas	✓	100%	✗	83%	✓	100%	✓	100%	✗	92%	✗	17%	✗	58%	✓	42%
Give procedural advice	✓	100%	✗	83%	✓	100%	✓	100%	✗	92%	✗	17%	✗	58%	✓	17%
Manage public	✓	100%	✗	83%	✓	100%	✓	92%	✗	83%	✗	17%	✗	58%	✓	8%
Take minutes	✓	100%	✗	83%	✓	100%	✓	100%	✗	92%	✗	17%	✗	58%	✓	42%
Post meeting follow-up	✓	100%	✗	83%	✓	92%	✓	92%	✗	92%	✗	17%	✗	58%	✓	42%

Printing

Printing information		Avg
Cost of printing agendas	£102k	£45k
Agenda pages printed	2,161,102	1,131,884
Cost per agenda page	£0.05	£0.04
Cost of a standard print job	£116.53	£618.04

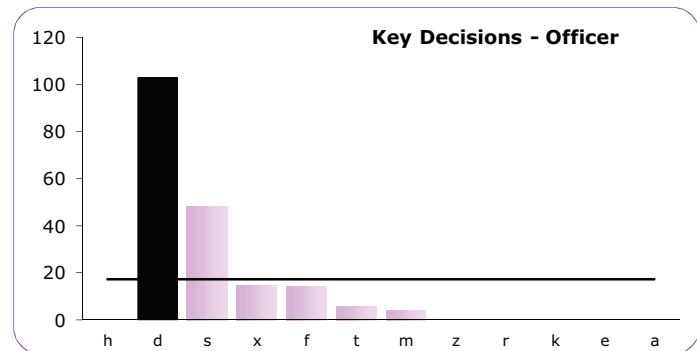
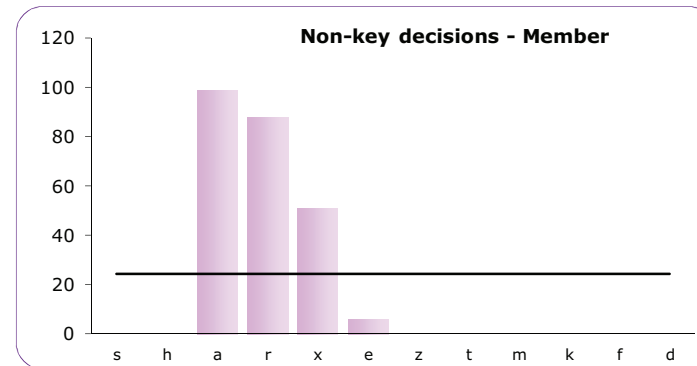
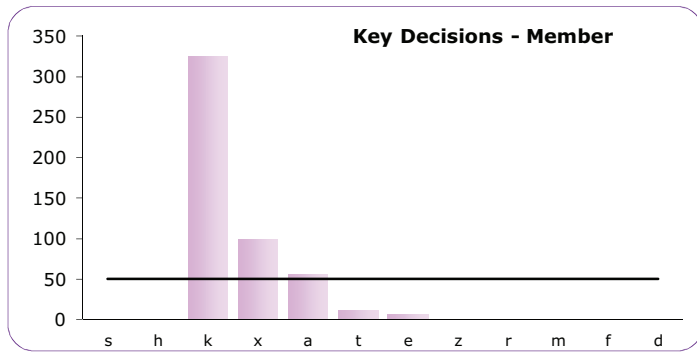


Distribution of Agendas

Method of distribution	Hand Delivered		Post		Email		Secure Network		Other	
		Avg		Avg		Avg		Avg		Avg
Notifications	*	25%	*	33%	*	83%	*	17%	*	17%
Full agenda	*	58%	✓	42%	✓	92%	✓	25%	*	33%

Individual Decisions

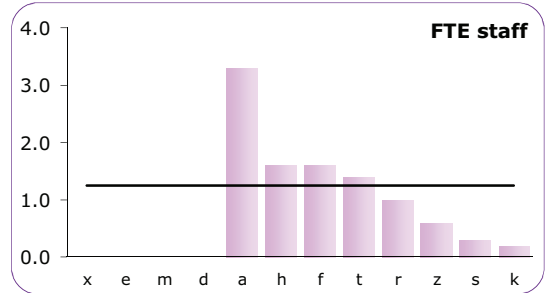
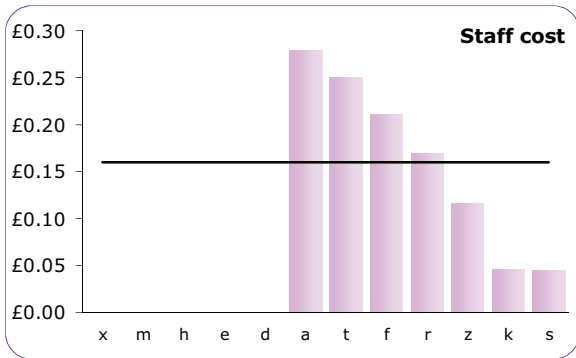
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Decisions	Number	Avg
Key Decisions		
Member	-	50
Officer	103	17
Other Decisions		
Member	-	24

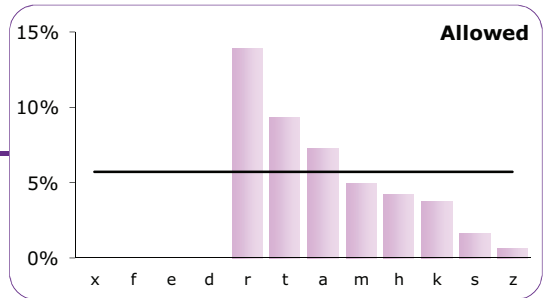
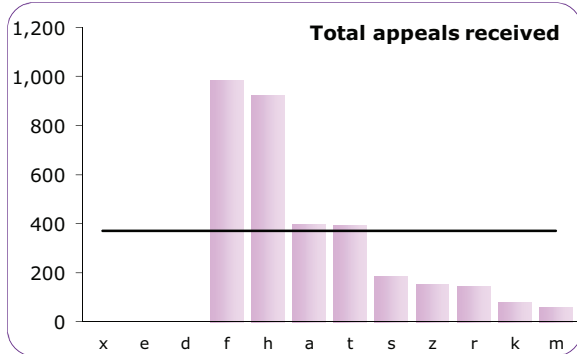
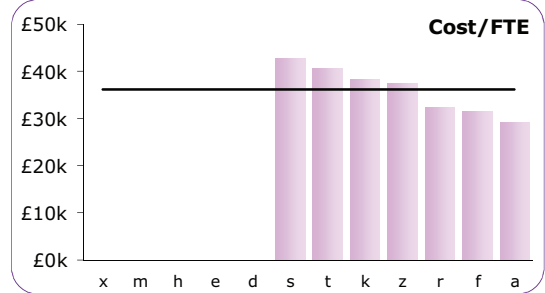
SECTION 3 - SCHOOL APPEALS

2012/13 budget costs

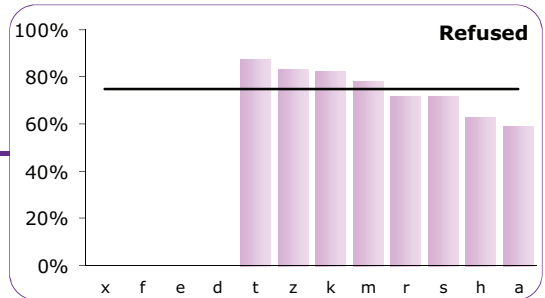


Population #N/A

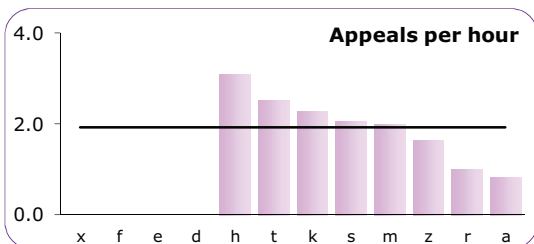
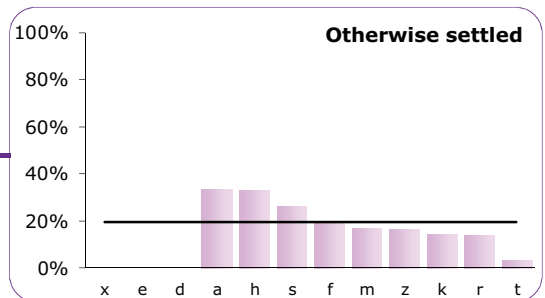
FTE information	£/ 1000	Avg
Staff cost	na	£0.16
FTE Staff	..	1.3
Cost per FTE	na	36.2k



Appeals	Number	% Total	Avg
Selection reviews	..		9
Other admission	..		344
Exclusions	..		4
Total received	..		370
Allowed	..	na	6%
Refused	..	na	75%
Otherwise settled	..	na	20%

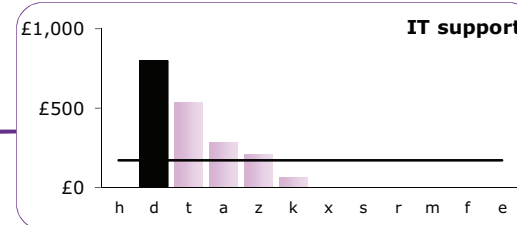
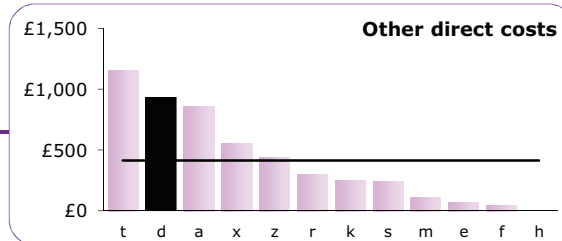
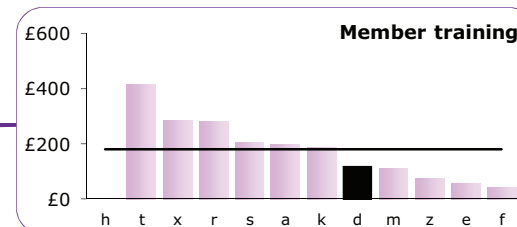
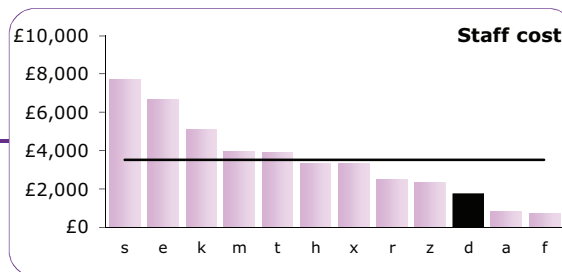
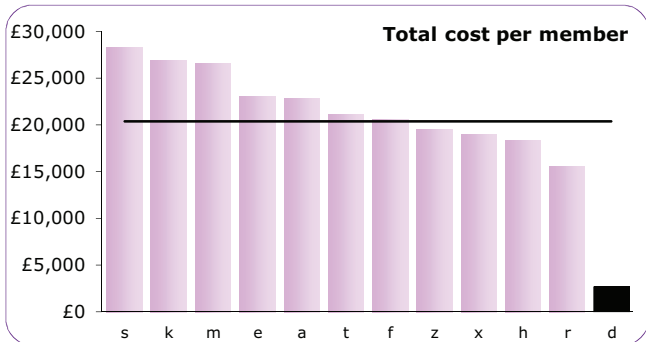


	Number	Avg
No. of hours of hearings	..	168
Appeals per hour	na	1.9



SECTION 4 - MEMBER SUPPORT

Cost per Member 2012/13 out-turn

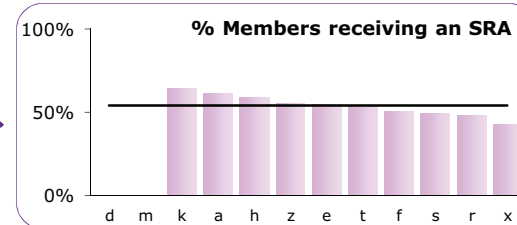
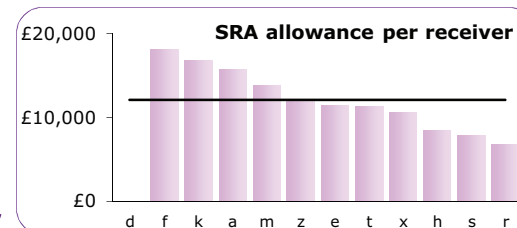
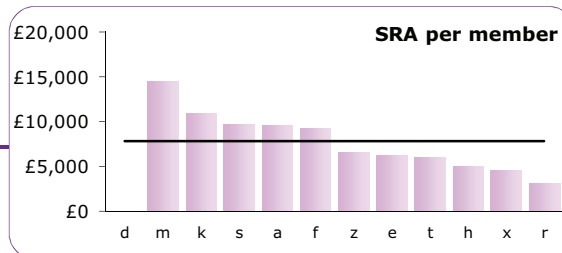
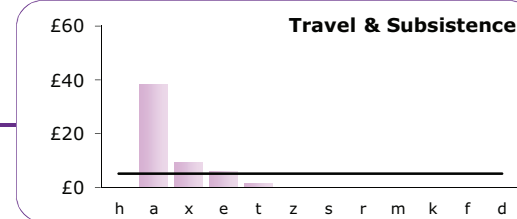
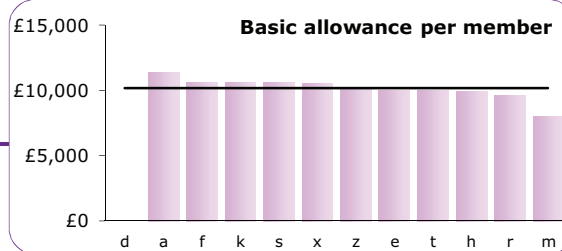


	Number	Avg
Council Members	125	64

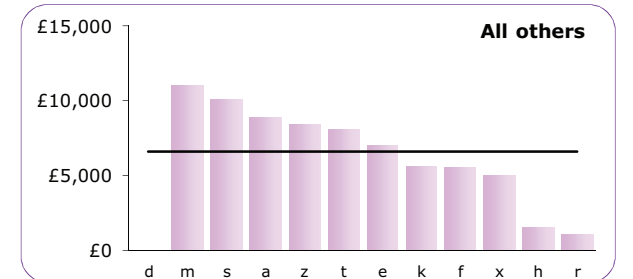
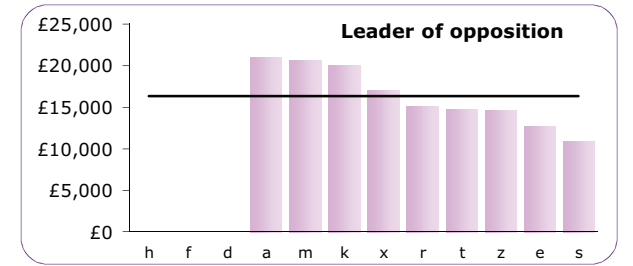
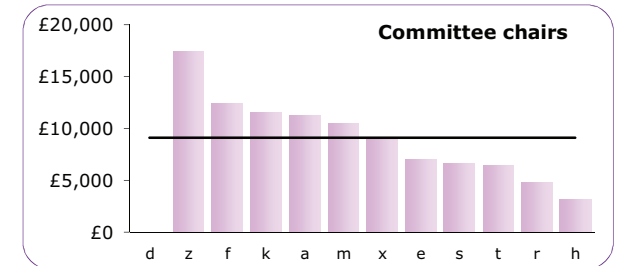
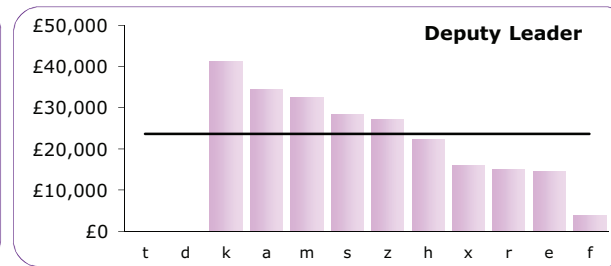
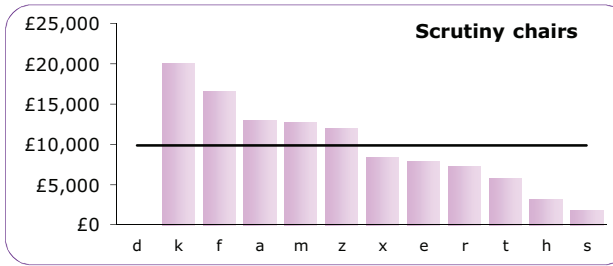
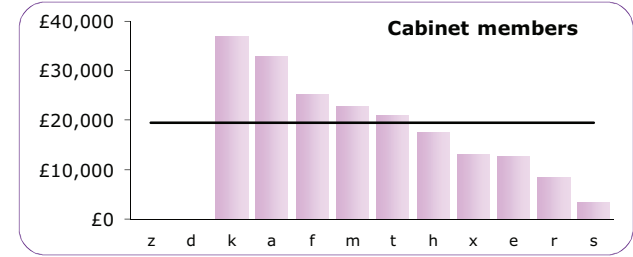
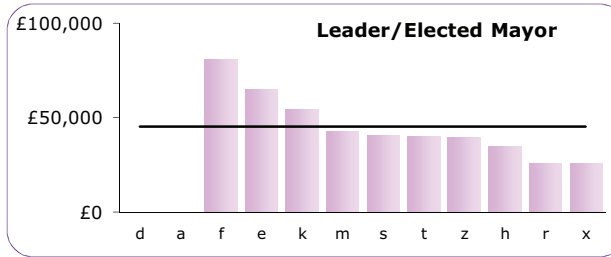
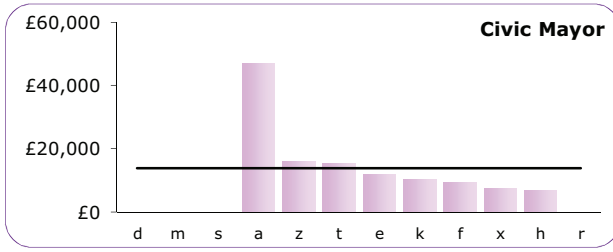
Population	#N/A
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Costs	£'k	£/ member	Avg
Staff cost	220k	£1,760	£3,518
Member training	15k	£120	£180
IT support	100k	£800	£172
Travel & subsistence	0k	£0	£5
Other costs	2k	£16	£84
Basic Allowances	#VALUE!	na	£10,154
SRA's	#VALUE!	na	£7,785
Total cost	#VALUE!	£2,696	£20,374

SRA's	Number	Avg
Number receiving	..	na
SRA per receiver	na	£12,084



Special Responsibility Allowances



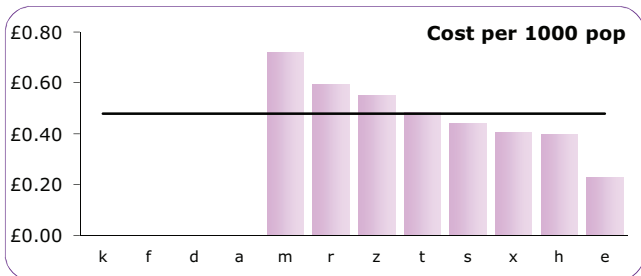
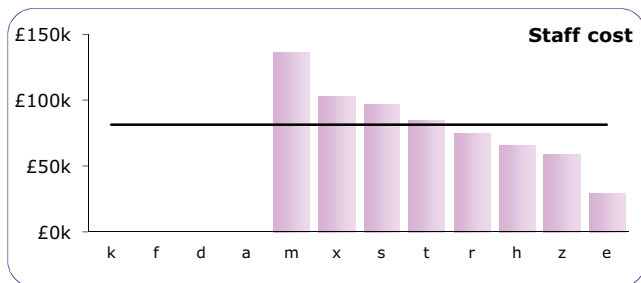
SRA's	Total £'000	No. receiving	Average allowance	Avg
Civic Mayor	#VALUE!	#VALUE!	na	£13,902
Leader/Elected Mayor	#VALUE!	..	na	£45,100
Deputy leader	#VALUE!	..	na	£23,641
Cabinet members	#VALUE!	..	na	£19,438
Committee chairs	#VALUE!	..	na	£9,118
Scrutiny chairs	#VALUE!	..	na	£9,885
Leaders of opposition	#VALUE!	..	na	£16,330
All others	#VALUE!	..	na	£6,583
Total	#VALUE!	..	na	£12,084

Support Provided to Members

Services	Elected Mayor / Council Leader		Civic Mayor / Chairman		Opposition Leader		Executive / Cabinet		Back-benchers	
		Avg		Avg		Avg		Avg		Avg
Case-work	✘	75%	✘	42%	✘	42%	✘	50%	✘	33%
Diary management	✓	83%	✓	83%	✘	33%	✘	50%	✘	17%
Handling press	✓	42%	✓	42%	✘	17%	✘	25%	✓	25%
Speech Writing	✓	75%	✓	67%	✘	25%	✘	33%	✘	33%
Travel arrangements	✓	92%	✓	92%	✘	50%	✘	67%	✓	67%
Learning & development	✓	92%	✓	75%	✘	75%	✘	75%	✓	83%
Arrange group meetings	✘	58%	✘	17%	✘	58%	✘	42%	✘	50%
Produce group newsletters	✘	17%	✘	0%	✘	33%	✘	8%	✘	17%

SECTION 5 - CIVIC MAYOR'S (OR EQUIVALENT) OFFICE

Cost per 1,000 pop
2013/14 estimates

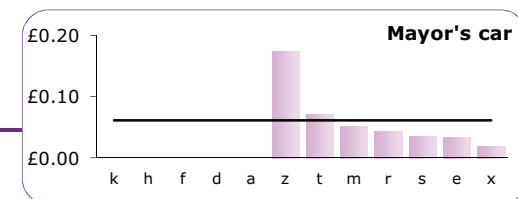
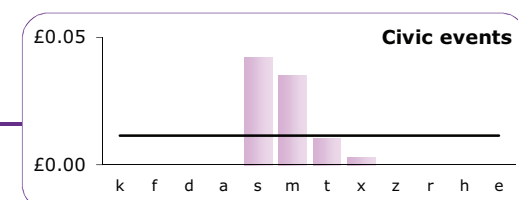
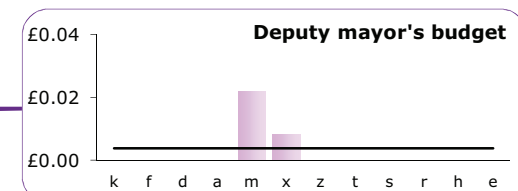
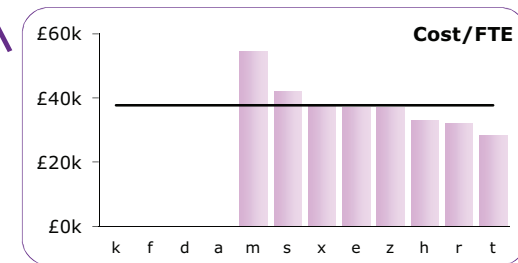
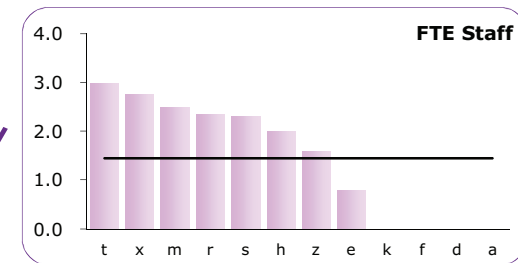
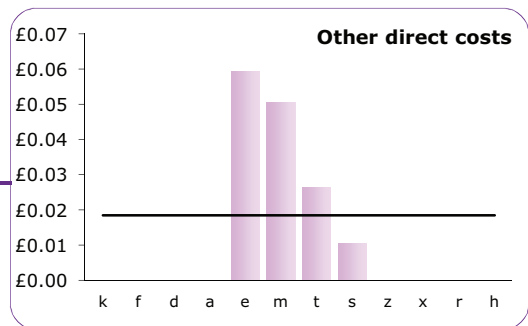
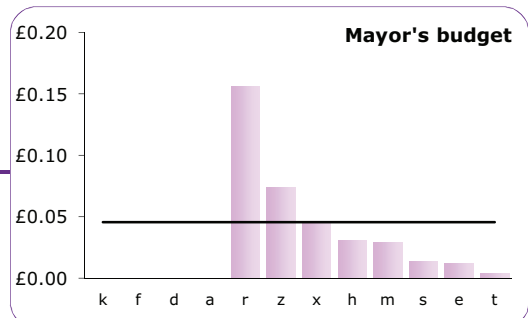
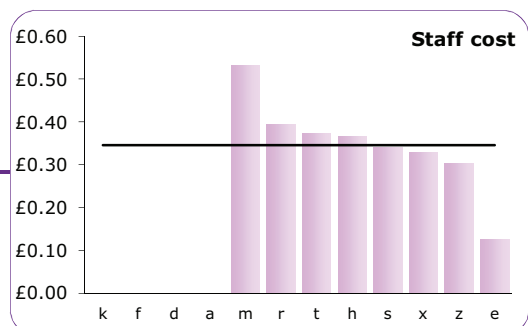


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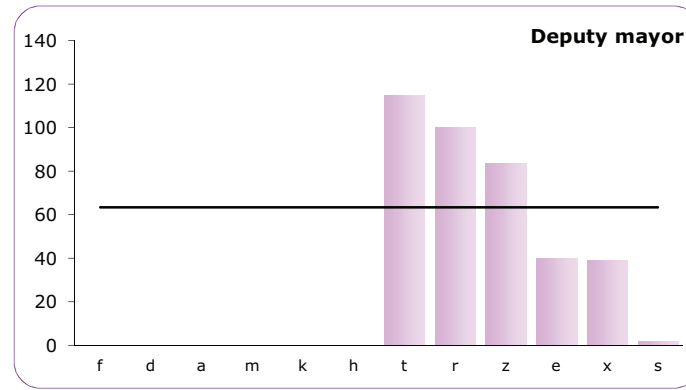
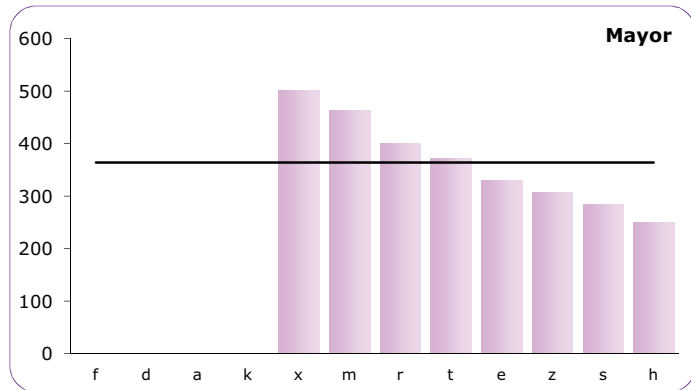
Population	#N/A
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Costs	£k	£/1000	Avg
Staff cost	na	na	£0.35
Mayor's budget	na	na	£0.05
Deputy mayor's budget	na	na	£0.00
Civic events	na	na	£0.01
Mayor's car	na	na	£0.06
Other costs	na	na	£0.02
Total cost	na	na	£0.48

Staff	Avg
FTE Staff	1.4
Cost per FTE	37.8k



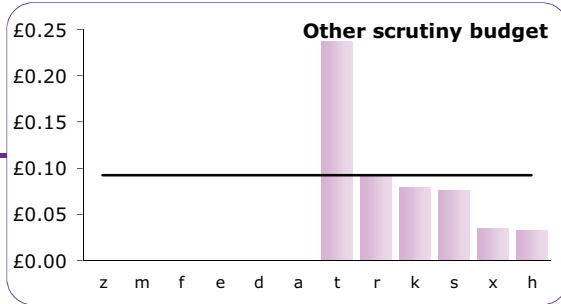
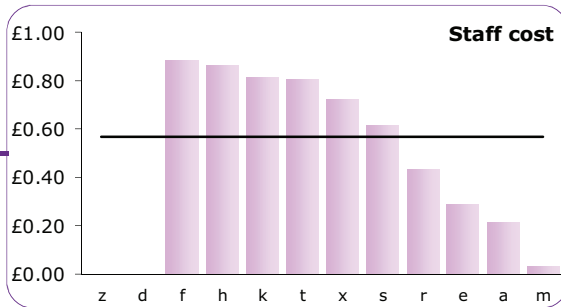
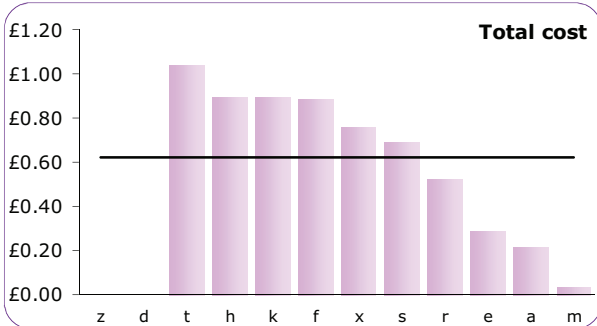
Engagements - 2012/13 municipal year



Engagements	Number	Avg
Mayor	NA	364
Deputy Mayor	NA	63

SECTION 6 - OVERVIEW & SCRUTINY

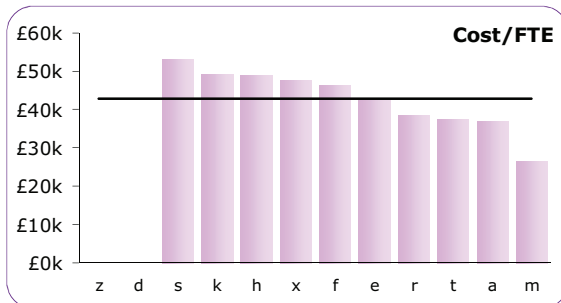
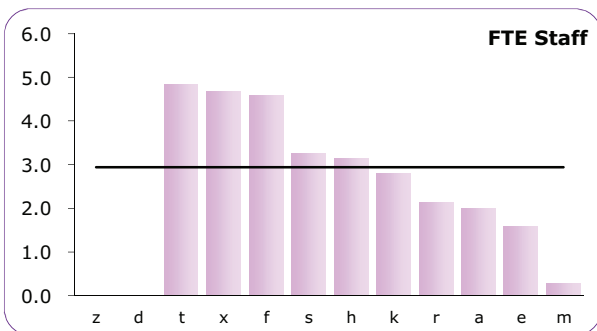
Cost per 1,000 pop 2013/14 budget



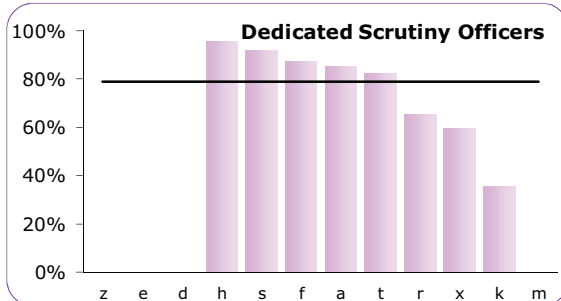
Population #N/A

Costs	£/1000	Avg
Staff cost	0.0k	na
Other scrutiny budget	..	na
Total cost	0.0k	na

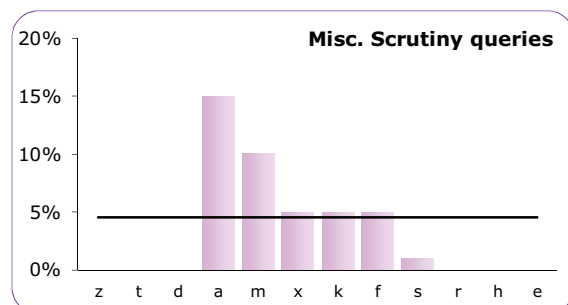
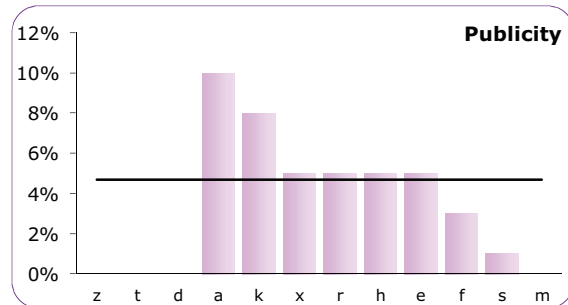
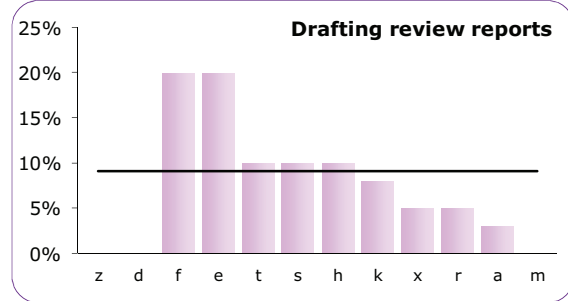
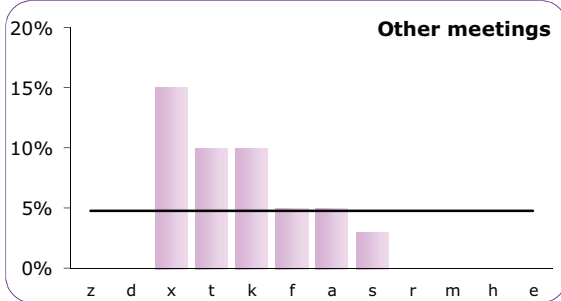
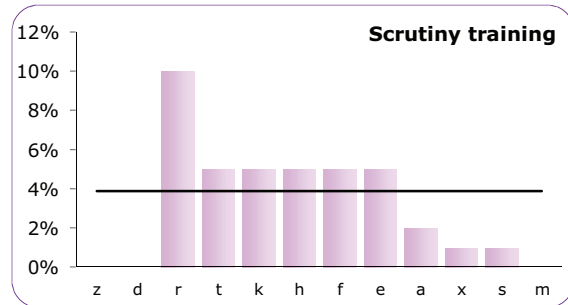
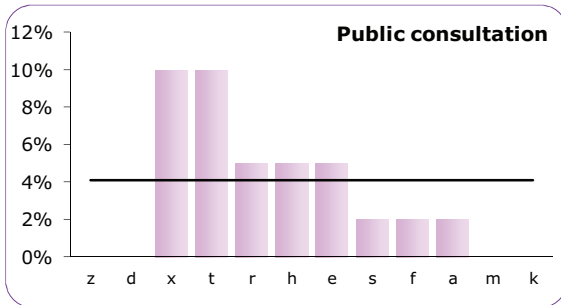
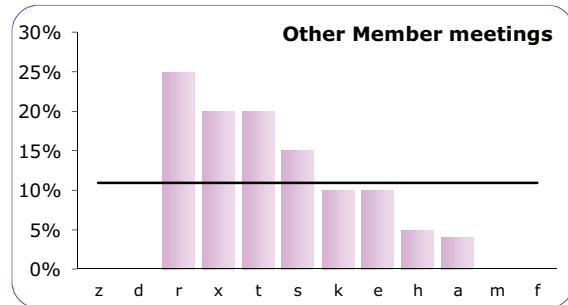
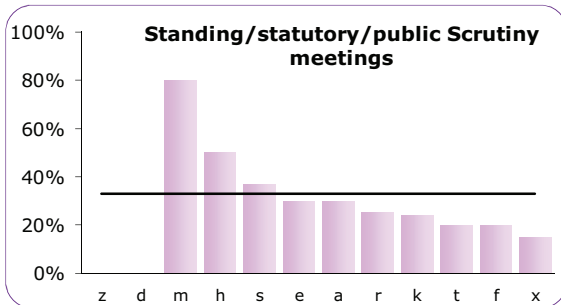
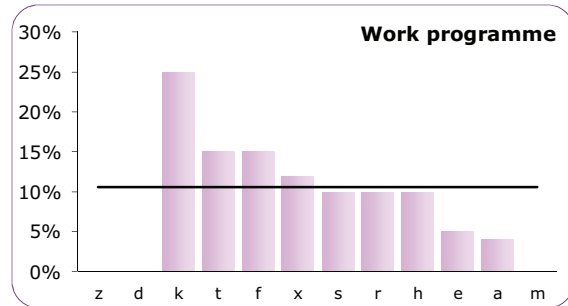
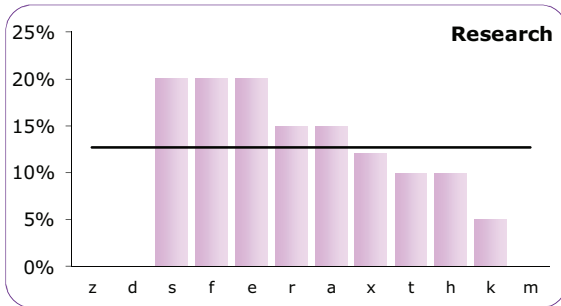
FTE Information



Staff information	Avg
FTE staff	na
Dedicated Scrutiny Officers	..
Cost per FTE	na
Dedicated Scrutiny Officers / FTE	na

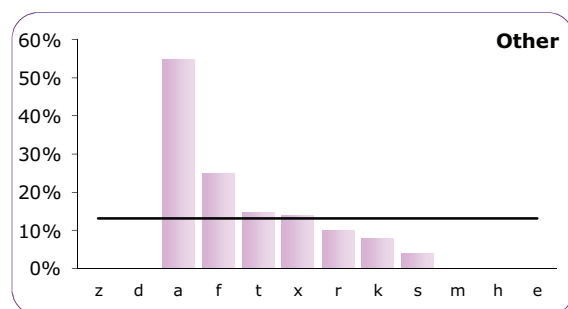
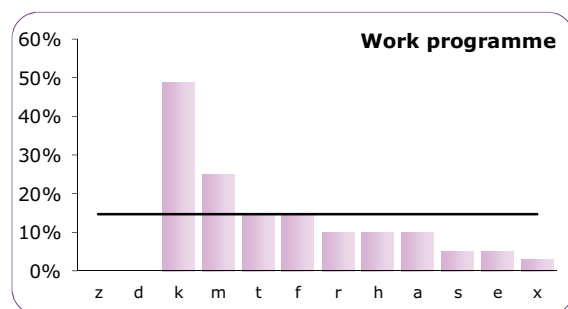
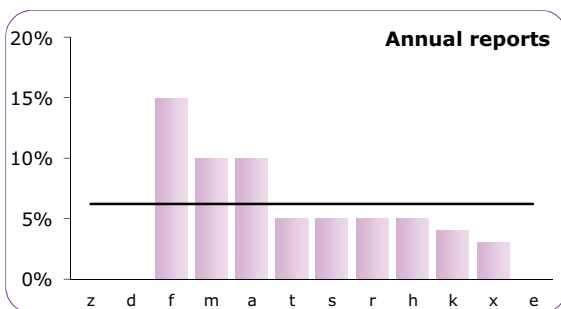
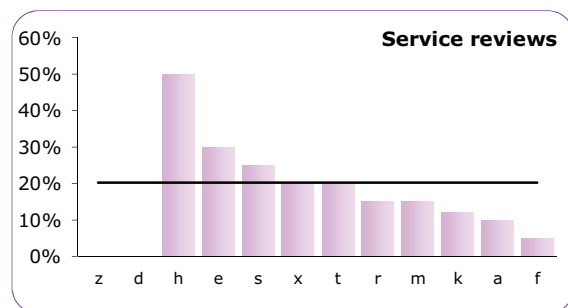
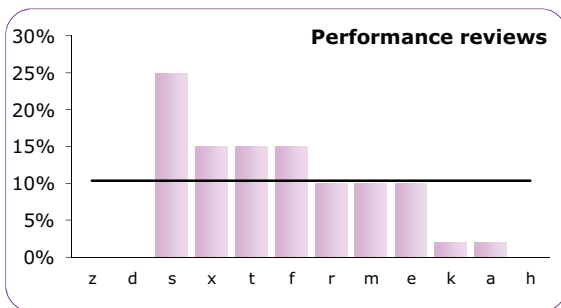
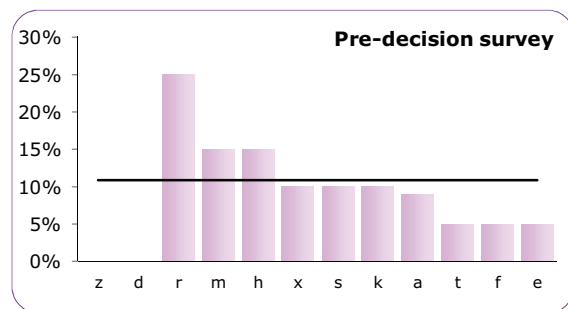
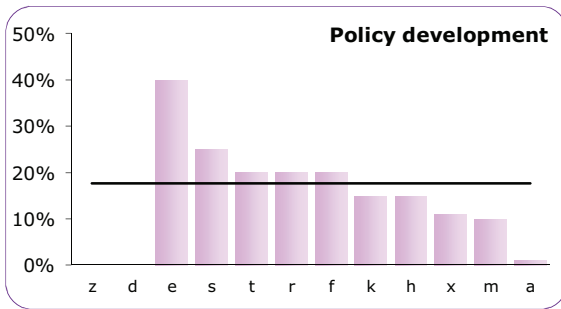
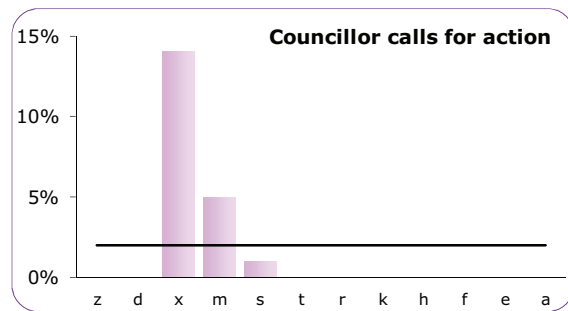
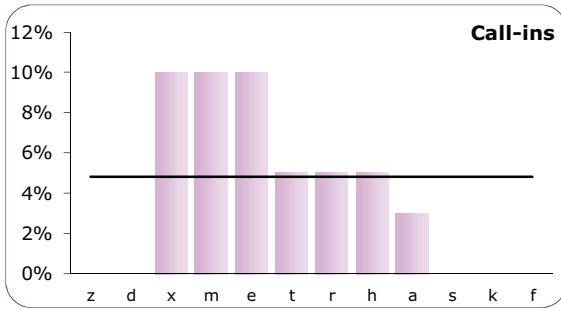


Allocation of FTE by activity



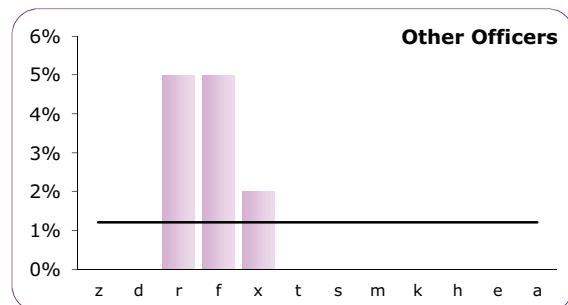
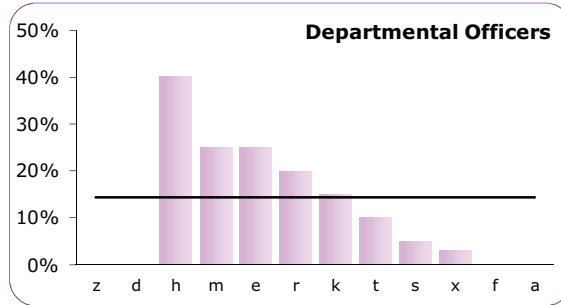
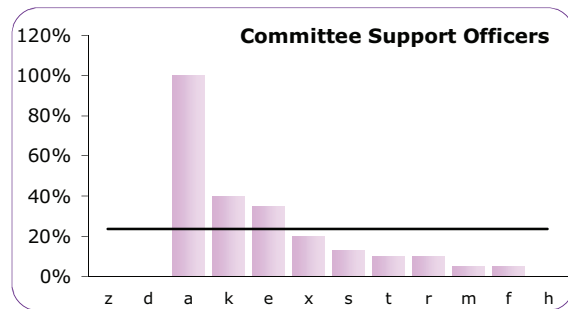
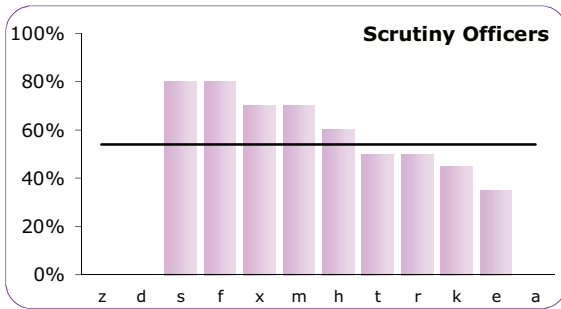
Allocation of staff time by activity	%	Avg
Research	na	12.7%
Work programme	na	10.6%
Standing/statutory/public Scrutiny	na	33.1%
Other Member meetings	na	10.9%
Public consultation	na	4.1%
Scrutiny training	na	3.9%
Other meetings	na	4.8%
Drafting review reports	na	9.1%
Publicity	na	4.7%
Misc. Scrutiny queries	na	4.6%
All other	na	2.8%

Scrutiny function time & effort by activity

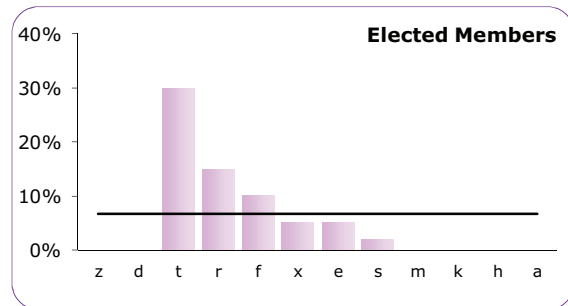


Time & effort by activity	%	Avg
Call-ins	na	4.8%
Councillor calls for action	na	2.0%
Policy development	na	17.7%
Pre-decision survey	na	10.9%
Performance reviews	na	10.4%
Service reviews	na	20.2%
Annual reports	na	6.2%
Work programme	na	14.7%
Other	na	13.1%

Sources of support to Scrutiny function



Sources of Support	%	Avg
Scrutiny Officers	na	54.0%
Committee Support Officers	na	23.8%
Departmental Officers	na	14.3%
Other Officers	na	1.2%
Elected Members	na	6.7%



Additional workload information

Workloads		Avg
Reports completed in 2012/13		
Councillor calls for action	..	0
Requested/generated by Scrutiny Committee/Chairman	..	71
Requested/generated by Cabinet	..	4
Requested/generated by Council departments	..	23
Items suggested by public & external organisations	..	9
Other	..	4
Total	..	105.9
Scrutiny reviews		
In-depth reviews undertaken	..	4
Number of recommendations	..	38
% recommendations accepted	..	81%
% recommendations implemented in 12 months	..	55%
Call-ins		
Total call-ins	..	4
No. referred back to decision-maker	..	1
No. amended of those referred back	..	0

COMPARATOR REPORT SUMMARY DATA 2013 - City of London

		Democratic Services Staff FTE				Staff cost/'000 pop 2013/14					
	Pop	Committee support	Member support	Mayor's office	Overview & scrutiny	Committee support	Mayor's office	Overview & scrutiny	Number of members	Cost per Member	Elected Mayor?
h	Barking	3.3	4.5	2.0	3.5	£0.73	£0.37	£0.86	51	£18,325	No
m	Brent	4.9	6.2	2.5	..	£0.87	£0.53	£0.03	63	£26,551	No
d	City of London	7.5	6.0	NA	..	na	na	na	125	£2,696	Yes
a	Croydon	6.8	1.8	0.0	1.7	£0.56	na	£0.21	70	£22,751	No
x	Enfield	8.1	4.4	3.0	4.9	£1.13	£0.33	£0.72	63	£19,025	No
k	Kensington	5.8	6.4	..	2.6	£1.39	na	£0.81	54	£26,890	No
s	Lambeth	7.4	10.8	2.6	3.1	£1.10	£0.34	£0.61	63	£28,275	No
f	Newham	6.7	1.0	0.0	4.6	£1.00	na	£0.89	61	£20,597	Yes
r	Richmond	4.5	4.1	2.5	2.2	£0.73	£0.40	£0.43	54	£15,606	No
z	Sutton	4.1	3.1	1.6	..	£0.98	£0.31	na	54	£19,593	No
e	Tower Hamlets	8.4	1.6	£1.48	£0.13	£0.29	51	£23,069	Yes
t	Waltham Forest	7.7	..	3.7	4.0	£0.35	£0.37	£0.80	60	£21,105	No

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Agenda Item 7

Committee(s):	Date(s):
Efficiency and Performance Sub Committee	6 November 2013
Subject: Supplies and Services and Third Party Payments	Public
Report of: Chamberlain	For Information

Summary

The City of London utilises the CIPFA categorisation of expenditure and income for all transactions recorded in the City's accounts. Two of these classifications are Supplies and Services and Third Party Payments for which 'themed' efficiency review exercises have been undertaken.

Supplies and Services

Total annual expenditure within this category of expenditure is in the region of £125.7million (2011/12). A large area of supplies and services expenditure has been included within the PP2P project review. Other significant areas of spend have been or are being addressed by other projects, including the IS Strategy Review, and the Police City First Project. There are, however, a number of areas that were identified for further analysis. Professional Fees (£10.7million); Management Fees (£5.9million); Consultancy Fees (£4.8million) are being reviewed by the CLPS sourcing team. Research/Advice/Information (£877,000); and Hospitality (£1m) and Subscriptions (£1.5 million) are being reviewed by internal audit.

Third Party Payments

A review of Third Party Payments was reported to this Committee at the 8th May 2013 meeting. This exercise involved an examination of transactions posted to CBIS for the three year period 1st April 2009 to 31st March 2012. The total value of payments made over this period is in the region of £104.5million which includes payments of £22.2million over three years in respect of the City's grant to the Museum of London.

It was concluded that the majority of spend on services covered by these payments over the last three years has been or will be subject to review via the PP2P project, contract renewal negotiations, DCCS Commissioning Strategy, budget and policy initiative reviews, is mandatory in nature, or is recoverable. The remaining payments with a value of £5.5million over three years have been agreed for more detailed examination which is on-going.

The results of the on-going reviews are expected to be reported to this sub-Committee in the New Year.

Recommendation

Members are asked to:

- Note this report.

Main Report

Background

1. At the April 2012 meeting of the Efficiency & Performance sub-Committee it was decided that departmental scrutiny exercises on a rolling basis would be discontinued and replaced by 'themed' reviews, although the option for Members to request reports from Chief Officers concerning value for money provided by their services would remain.
2. The City of London utilises the CIPFA categorisation of expenditure and income for all transactions recorded in the City's accounts. Two of these classifications are Supplies and Services and Third Party Payments for which 'themed' review exercises have been undertaken.

Supplies and Services

3. The CIPFA definition for supplies and services is procurement from external organisations of consumable items, which can be on a contract basis but are distinct from contracts for specific service delivery. For example, the corporate office supplies contract is posted to Supplies and Services, whereas the contract for waste disposal is posted to Third Party Payments. Other procurement classified as supplies and services includes professional fees and consultancy fees; this is because the work undertaken by these suppliers is concerned with system development, or specialist advice and not service delivery.
4. An initial analysis of Supplies and Services expenditure for the financial year 2011/12 was undertaken so that an indication could be obtained of the typical annual level of spend. It was ascertained that total annual expenditure was in the region of £125.7million. Table One below shows the largest top 20 spending Departments for supplies and services expenditure (actual spend).

**Table One: Top 20 Departmental Supplies and Services Expenditure 2011/12
(Actual)**

Department	Actual £000
Barbican Centre	24,091
The City Bridge Trust	20,363
City Police	19,113
Chamberlain's Department	5,377
Guildhall School of Music & Drama	5,116
Policy & Resources	4,737
Investment Properties (City's Cash)	4,253
City of London Freeman's School	3,384
Port Health & Environmental Services	2,926
City of London School	2,391
Culture, Heritage & Libraries	2,153
Planning & Transportation	2,110
DCCS - Social Services & Education	2,032
City of London School for Girls	2,032
Grants, Contingencies and Miscellaneous	2,011
DCCS - Housing & Community Services	1,978
City Academies	1,605
Investment Properties (City Fund)	1,579
Court of Alderman	1,410
Hampstead Heath	1,027
Bridge House Estates	1,020
Smithfield Market	1,000
Epping Forest	900
Town Clerk's	842
Tower Bridge Tourism	814
Total Other Departments	11,393
Total	125,657

5. It can be seen from Table One that the Barbican Centre expenditure on Supplies and Services is the highest with an actual figure of £25million on 2011/12. This table shows gross expenditure and does not reflect any recharge for external events or taken account of income from events. The City Bridge Trust expenditure includes the amount given as grants.

6. Further analysis of expenditure into type was made. It will be appreciated that there are approximately 100 subjective codes for supplies and services, therefore, a sample of these was analysed in more detail, based on the level of overall corporate spend. The results of this exercise are contained in Table Two below, along with the status of any relevant efficiency review activity.

Table Two: Sample of Subjective Supplies and Services Spending 2011/12

Subjective Description	Actual £000	Comments
Grants to Voluntary and Other Organisations	47,317	Area subject to separate efficiency review of grants.
Professional Fees	10,688	More detailed analysis of this area by the CLPS Sourcing Support Team.
Management Fees	5,877	More detailed analysis of this area by the CLPS Sourcing Support Team.
Consultants Fees	4,766	More detailed analysis of this area by the CLPS Sourcing Support Team
Equipment Purchase/General	3,207	This spend has or is being examined via the PP2P project.
Security	3,021	This spend has been examined as part of the PP2P project.
Provisions	1,870	The CLPS now involved in sourcing of future requirements.
Subscriptions	1,500	Payments to professional journals/information services subject to internal audit analytical review
Printing	1,207	Currently being reviewed by the Soft FM category board.
Computer Hardware Purchase/Hire	1,169	Part of the IS Strategy Project Review
Hardware Maintenance and Support	1,062	Part of the IS Strategy Project Review
Telephones	1,055	This spend has or is being examined via the PP2P project.
Hospitality	1,010	Mainly via petty cash and procurement cards. Subject to internal audit review.
Subsistence	993	Mainly via petty cash and procurement cards
Research/Advice/Information	877	Payments subject to internal audit efficiency review
Software Purchase/Hire	794	Part of the IS Strategy Project Review
Equipment Maintenance	761	This spend has or is being examined via the PP2P project
Postage	595	This spend has or is being examined via the PP2P project
Conference Expenses	588	A more detailed analysis of this area is warranted.
Equipment Hire	495	The CLPS now involved in sourcing of future requirements.
Photocopiers	474	This spend has or is being examined via the PP2P project
Mobile Phones	452	This spend has been examined via the PP2P project
Stationery	437	This spend has been examined via the PP2P project
General Office Expenses	371	The CLPS now involved in sourcing future requirements.
Furniture Purchase/General	226	This spend has or is being examined via the PP2P project
Newspapers and Periodicals	119	The CLPS will be involved in sourcing in future.

Supplies and Services Areas identified for more Detailed Analysis

7. The analysis shown in Table Two identified a number of areas where greater analysis was warranted in order to obtain a more detailed understanding of current expenditure patterns. Three of these areas related to expenditure which would be covered by the new CLPS Sourcing Support Team and therefore future purchasing decisions will be subject to on-going efficiency review and scrutiny as follows:-
 - Professional Fees (£10.7million in 2011/12) – cursory examination of transactions suggests that departments may be coding a range of expenditure to this subjective that are not being correctly posted. For example, payments to Office Depot Ltd., the Carphone Warehouse and Yahoo.co.
 - Management Fees (£5.9million in 2011/12) - this subjective heading includes payments for contract management including catering and housekeeping services, but it also includes payments to individuals, so there may be a confusion between the posting of consultancy payments here rather than the correct subjective for consultancy type review work.
 - Consultants Fees (£4.7million 2011/12) – this is an area of spend that previous Internal Audit work has often revealed to be problematic in terms of compliance with Standing Orders, definition of what constitutes consultancy rather than contract management, and the difference between advising on the “shape” of a service rather than providing the service.
8. The following three areas were identified for internal audit efficiency analysis. Work on these areas is on-going and is nearing completion.
 - Subscriptions (£1.5million 2011/12) – City departments subscribe to a wide variety of journals, periodical publications and academic materials. A corporate criteria for making such subscriptions does not currently exist and might lead to more efficient procurement in this area of spend.
 - Hospitality (£1million 2011/12) – most expenditure is via expense claims and paid in cash or via procurement cards. There is specific guidance concerning when hospitality provided to visitors and staff can be refunded to officers, but control is subject to line management approval which may not be consistently robust across the City’s departments.
 - Research/Advice/Information (£887,000 2011/12) – initial examination of transactions has revealed that this subjective is used to post payments to consultants, management agencies, as well as professional bodies. It is, therefore likely that some confusion exists concerning the correct usage of this subjective.

Analysis of Supplies and Services Expenditure in terms of current review processes

9. From the details of spending on subjective areas shown in Table Two above, an analysis of 2011/12 value spending in terms of inclusion in current efficiency activities was undertaken, including PP2P; the IS Strategy Review and the departmental scrutiny exercises. The results of this analysis are contained in Table Three.

Table Three: Current Supplies & Services Review Position

Current Review Activity	£000	£000
Grants to Vol. & Other Organisations	47,317	
PP2P Projects	10,228	
CLPS future sourcing (Assisted Buying Team)	39,152	
IS Strategy	3,025	
Soft FM category board review of Printing	1,207	
Detailed Scrutiny Areas		100,929
Professional Fees (CLPS Sourcing Support Team)	10,688	
Management Fees (CLPS Sourcing Support Team)	5,877	
Consultants Fees (CLPS Sourcing Support Team)	4,766	
Hospitality (Internal Audit review)	1,010	
Subscriptions (Internal Audit review)	1,500	
Research/Advice/Information (Internal Audit review)	887	
Total		125,657

Third Party Payments

10. The classification of Third Party Payments is services which the City is responsible to provide, for example, Council Tax collection, that are being provided by an external body, usually via a contract or partnership agreement. An initial high-level examination of Third Party Payments was made; this involved analysing transactions posted in CBIS by each City department into specific areas of spend, for example, Private Contractors; specific service providers and the value of payments made to them were identified; the justification for making the payments was obtained from Heads of Finance and service managers; the existence of current or planned review activity was ascertained; and any further examination of spend not included in current scrutiny exercises was considered.

11. A review of Third Party Payments was reported to this Committee at the 8th May 2013 meeting. This exercise involved an examination of transactions posted to CBIS for the three year period 1st April 2009 to 31st March 2012. The total value of payments made over this period is in the region of £104.5million which includes payments of £22.2million over three years in respect of the City's grant to the Museum of London.

12. The review concluded that the majority of spend on services covered by these payments over the last three years have been or will be subject to review via the PP2P project, contract renewal negotiations, DCCS Commissioning Strategy, budget and policy initiative reviews, are mandatory in nature, or are recoverable. The remaining payments with a value of £5.5million over three years have been agreed for more detailed examination. Work on these areas is on-going and will be reported back to the January EPSC when it is expected this work will be completed.

13. Those areas which will be subject to further work are detailed in Table 4. It should be noted that the values of payments are indicative of the level of expenditure incurred during the three year period examined. Whilst they are based on total postings to Third Party Payment subjective headings in CBIS they are not intended to reflect actual expenditure shown in the City's accounts.

Table Four: Details of Third Party Payment areas subject to further review work

Review Area	Indicative Payments £000	Total £000
Forensic Services (CoLP)	1,400	
Other Local Authorities	900	
Winter Works	100	
To be reviewed by the Director of Business Support		2,400
Voluntary Associations	300	
To be reviewed by the Director of Financial Services		300
Inter- Authority Recoupment	700	
Other Bodies – Adult Education	2,100	
To be reviewed by Internal Audit		2,800
Total further review work		5,500

Conclusion

14. Scrutiny of Supplies and Services expenditure has been explored in great detail. Expenditure of £24.7million in total has been identified for further examination which includes: Professional, Management, Consultants Fees (£21.3million); Hospitality (£1million); Subscriptions (£1.5million); and Research/Advice/Information (£887k). (See **Table 3**).
15. The review of Third Party Payments concluded that the majority of spend on services covered by these payments over the last three years have been or will be subject to review via the PP2P project, contract renewal negotiations, DCCS Commissioning Strategy, budget and policy initiative reviews, are mandatory in nature, or are recoverable. The remaining payments with a value of £5.5million over three years were agreed for more detailed examination – **Table 4**.
16. Work on the areas of additional scrutiny identified from both the Supplies and Services review and Third Party Payments are on-going and are expected to be completed and reported back to the sub-Committee in the New Year.

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Agenda Item 11

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Agenda Item 12

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