Efficiency and Performance Sub (Finance) Committee

Date:	**WEDNESDAY, 13 JANUARY 2016**
Time:	**11.30 am**
Venue:	**COMMITTEE ROOMS - WEST WING, GUILDHALL**

Members: Roger Chadwick (Chairman)
Jeremy Mayhew (Deputy Chairman)
Randall Anderson
Nicholas Bensted-Smith
Nigel Challis
Deputy Anthony Eskenzi
John Fletcher
Deputy Jamie Ingham Clark
Ian Seaton
Deputy John Tomlinson
Philip Woodhouse

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Lunch will be served in the Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio or video recording

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 4 November 2015.

    For Decision
    (Pages 1 - 4)

4. **OUTSTANDING ACTIONS**
    Report of the Town Clerk.

    For Information
    (Pages 5 - 8)

5. **SERVICE BASED REVIEW ROADMAP**
    Report of the Deputy Town Clerk. To be considered in conjunction with the non-public appendix elsewhere on the agenda.

    For Information
    (Pages 9 - 18)

6. **WORK PLAN FOR FUTURE MEETINGS**
    Report of the Town Clerk.

    For Information
    (Pages 19 - 20)

7. **CIPFA VALUE FOR MONEY INDICATORS - 2014/15**
    Report of the Chamberlain.

    For Information
    (Pages 21 - 94)

8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-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 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 4 November 2015.

    For Decision
    (Pages 95 - 98)

12. **NON-PUBLIC APPENDIX TO SERVICE BASED REVIEW ROADMAP - REVIEW OF INDEPENDENT SCHOOLS**
    Non-public appendix to a report of the Town Clerk.

    For Information
    (Pages 99 - 102)

13. **SERVICE BASED REVIEW SAVINGS PROGRAMME - PROFILING CHANGES**
    Report of the Chamberlain.

    For Information
    (Pages 103 - 112)

14. **SERVICE BASED REVIEW: DEPARTMENTAL MONITORING - OPEN SPACES DEPARTMENT**
    Report of the Director of Open Spaces.

    For Information
    (Pages 113 - 122)

15. **SERVICE BASED REVIEW: DEPARTMENTAL MONITORING - TOWN CLERK'S DEPARTMENT**
    Report of the Town Clerk.

    For Information
    (Pages 123 - 126)

16. **CROSS CUTTING REVIEW UPDATE - STRATEGIC REVIEW OF ASSET MANAGEMENT**
    To receive a presentation from the Deputy Town Clerk. A copy of the presentation will be circulated to Members in advance of the meeting.

    For Information

17. **ENERGY TARGETS UPDATE - HALF YEAR REVIEW - APRIL - SEPTEMBER 2015**
    Report of the City Surveyor.

    For Information
    (Pages 127 - 136)

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

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

Part 3 - Members Only Agenda

20. **MEMBERS ONLY APPENDIX TO SERVICE BASED REVIEW: DEPARTMENTAL MONITORING - TOWN CLERK'S DEPARTMENT**
Members Only Appendix to the report of the Town Clerk.

For Information

<u>**EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE**</u>

<u>**Wednesday, 4 November 2015**</u>

Minutes of the meeting of the Efficiency and Performance Sub (Finance) Committee held at the Guildhall EC2 at 1.45 pm

Present

Members:

Roger Chadwick (Chairman)	John Fletcher
Jeremy Mayhew (Deputy Chairman)	Deputy Jamie Ingham Clark
Randall Anderson	Ian Seaton
Nicholas Bensted-Smith	Deputy John Tomlinson
Nigel Challis	Philip Woodhouse

Officers:

Susan Attard	-	Deputy Town Clerk
Christopher Braithwaite	-	Town Clerk's Department
Neil Davies	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Peter Bennett	-	City Surveyor
Andrew Crafter	-	City Surveyor's Department
Paul Nagle	-	Chamberlain's Department

1. **APOLOGIES**
   No apologies were received.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
   There were no declarations.

3. **MINUTES OF THE PREVIOUS MEETING**
   RESOLVED - That the public minutes and non-public summary of the meeting held on 16 September 2015 be agreed as an accurate record.

4. **OUTSTANDING ACTIONS**
   The Sub-Committee considered a report of the Town Clerk which set out the outstanding actions from previous meetings of the Sub-Committee.

   A Member asked whether there had been any update in relation to the issue regarding unsocial hours payments at the Barbican Centre. The Chamberlain explained that he would meet with the Managing Director of the Barbican Centre and the Director of Human Resources during the following week to seek to resolve this issue.

RESOLVED – That the Committee notes the report.

5. **SERVICE BASED REVIEW ROADMAP**
   The Sub-Committee considered a report of the Town Clerk which provided the latest version of the Service Based Review Roadmap.

   The Chairman commented that it appeared to be increasingly likely that the Service Based Review would be an ongoing process. The Chairman compared the Service Based Review to the Procurement and Procure to Pay (PP2P) scheme, which had eventually led to the creation of City Procurement. Members commented that PP2P had, in effect, been a process of continuous improvement in procurement and it would be beneficial for a similar approach in relation to efficiency to become embedded in the Corporation.

   Members also noted that one of the major learning points from PP2P had been the importance of ensuring that there was a thorough awareness of specific needs within departments. The Deputy Town Clerk explained that this was being fed into the Strategic Asset Management review, particularly in terms of delineating between the roles of provider, end user and intelligent client.

   The Sub-Committee commented that the majority of the cross-departmental projects were reporting slippage against their intended programmes. Members commented that it was important that Officers assessed the critical path for these cross-departmental projects to ensure that the savings were delivered on time. In response to a question from a Member, the Chamberlain explained that the cross-departmental projects were being delayed due to both the complexity of the projects and their cross-departmental nature. It was also noted that the initial projections for when these projects would be delivered may have been too optimistic.

   The Sub-Committee noted that a highly consultative approach had been taken to the Service Based Review, with significant consultation with Departments, and that this had been especially pronounced for the cross-departmental reviews. However, the Sub-Committee commented that, at some stage, it would need to be acknowledged that the implementation of cross-departmental reviews would not be universally popular within all Departments.

   The Sub-Committee agreed that, at that stage, it would be necessary to implement the projects in the way which would maximise the benefit to the Corporation as a whole. The Sub-Committee noted that the cross-departmental projects had been agreed by Members and Senior Officers, and therefore Members and Senior Officers should do all they could to support the implementation of these savings in line with the agreed programmes. The Sub-Committee agreed that it would certainly offer any support that it could to Officers in implementing the cross-departmental projects.

   The Chamberlain highlighted to Members that the Government's Autumn Statement would provide further clarity to the funding environment for the Corporation for the remainder of the decade. He advised that a report on the

implications of the Autumn Statement would be brought before the Sub-Committee in early 2016.

RESOLVED – That the Sub-Committee notes the report.

6. **WORK PLAN FOR FUTURE MEETINGS**
The Sub-Committee considered a report of the Town Clerk which set out the work plan for future meetings.

A Member noted that many of the Departmental Update Reports on the work plan for future meetings were listed as TBA, and requested that this aspect of the work plan be further populated. The Town Clerk and Chamberlain confirmed that this would be populated, but it was intended that the Departmental Update Reports would be prioritised on a risk-assessed basis, so there would necessarily be some flexibility within the work programme.

RESOLVED – That the Sub-Committee notes the report.

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no questions.

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There were no items of urgent business.

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 Schedule 12A of the Local Government Act.

Item(s)	**Paragraph**
10-15	3

10. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
The Sub-Committee approved the non-public minutes of the meeting held on 16 September 2015 as an accurate record.

11. **SERVICE BASED REVIEW FINANCIAL MONITORING - QUARTER 2 MONITORING**
The Sub-Committee noted a report of the Chamberlain which set out financial monitoring of Service Based Review programmes on a departmental basis up to the end of Quarter 2.

12. **SERVICE BASED REVIEW: DEPARTMENTAL MONITORING - CITY SURVEYORS DEPARTMENT**
The Committee noted a joint report of the City Surveyor and Chamberlain which provided detailed information as to the overall progress within the City Surveyor's Department in implementing the agreed Service Based Review targets within that Department.

13. **COMBINED HEAT AND POWER SYSTEM - ANNUAL REPORT 2014/15**
The Committee noted a report of the City Surveyor which provided the annual report for the City of London Combined Heat and Power (CHP) System for the year 2014/15 providing details of developments and system performance over the year.

14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.

15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other business.

The meeting closed at 2.55 pm

Chairman

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Efficiency and Performance Sub-Committee – Outstanding Actions (as at 4 January 2016)

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1	January 2013	**Staff Suggestion Scheme** 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.	Deputy Town Clerk	**January 2016**	An update note is appended to this schedule.
2	September 2015	**Service Based Review: Barbican Centre** Members requested an update at the next meeting on the Centre's proposals for reducing unsocial hours payments.	Managing Director/Head of Corporate HR	**January 2016**	A meeting took place in November between the Managing Director of the Barbican Centre, the Director of HR, and the Chamberlain, to discuss this matter. It was noted that some savings would be expected to be made in respect of overtime and rota payments. Other changes are likely to be taken forward as part of the wider review of the City Corporation's pay and reward arrangements taking place in late 2016.

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
3	November 2015	**Chancellor's Autumn Statement** The Chamberlain agreed to update Members on the implications of the Autumn Statement.	Chamberlain	**A report was presented to the Finance Committee on 15 December**	Further analysis has taken place after the provisional settlements for Local Government and the Police were published on 17 December and will be included in the reporting on medium term financial forecasts to the Finance Committee in February.
4	November 2015	**Strategic Asset Management (cross-cutting review)** An update report would be submitted on the future overall asset management model in January 2016, and a further report would be submitted on the detailed outcomes from the Strategic Asset Management cross-cutting reviews in March 2016.	Deputy Town Clerk	**January 2016**	The emerging findings and recommendations were discussed at the Chief Officers Group on 16 December. Presentation to the Efficiency and Performance Sub Committee in January 2016 on the future overall model, and timelines and principles for implementation.

STAFF SUGGESTION SCHEME – UPDATE DECEMBER 2015

Current position

1. A two-stage pilot of the scheme is currently in progress. The first stage ran from July to September with the objective of collecting ideas from staff via an online system. This was to test whether the use of an online system would make any difference in terms of engagement in such a scheme. Suggestions were invited under five themes, and a total of 84 ideas were submitted, as follows:
   - Engaging wellbeing initiatives: 17 ideas submitted
   - De-jargoning the workplace: 4 ideas submitted
   - Making better use of Guildhall Yard: 13 ideas submitted
   - Simplifying the way we work: 23 ideas submitted
   - Saving money on energy: 13 ideas submitted

   In addition, 14 general ideas or comments were submitted. Under the previous scheme, the level of suggestions was 2 or 3 per quarter.

2. An evaluation of stage one was carried out and those who accessed the online system were asked whether the presence of an online system had encouraged them to submit an idea. 48% of responses agreed that the online system had encouraged them to submit an idea.

3. The second stage of the pilot is to run the ideas collected in the first stage through the proposed governance process which involves an Ideas Board chaired by the Deputy Town Clerk. The governance process aims to ensure that ideas are properly considered by departments, to monitor progress of ideas as they are developed, and to report on what impact the Suggestion Scheme is having on the organisation in terms of driving innovation.

4. Over 80 ideas were received across a range of areas which were associated with a number of departments. Chief Officers were asked to provide an initial response to each idea before consideration by the Ideas Board.

5. The first meeting of the Board took place on 30 November to consider the ideas received from staff under the theme of 'Making better use of Guildhall Yard', as well as initial responses to the ideas from departmental representatives. Ideas under this theme included holding a traditional Christmas Market, more seating, more planting

and better signposting. Departmental representatives will now be asked to liaise directly with the idea originators and report to the Ideas Board what is to be done with the idea.

6. The Ideas Board met again on 14 December, to consider the themes of 'Simplifying the way we work' and 'Saving money on energy'. Ideas submitted include moving from desktops to laptops, introducing a password manager utility app, using Facetime or Skype for meetings, installing solar panels, and using re-useable cups in the Gild. A third meeting is scheduled for 7 January to consider the remaining ideas.

Next steps

7. It is too soon to fully evaluate the impact of ideas submitted to the scheme in terms of financial savings or generation of additional income. The project team have discussed the possibility of extending the pilot to allow additional time for ideas to be further developed by departments so that actual impact can be evaluated.

8. There is a case for continuing to use Hunchbuzz (the on-line platform) so that the progress of ideas can be better monitored through to realisation. Hunchbuzz also facilitates communication between idea originator, departmental representative, scheme administrator and the Ideas Board throughout the implementation lifecycle of an idea.

9. There is an emerging dependency between this scheme and a pipeline project to review the corporate intranet. The intranet review project is likely to take a broad view of the ways in which it can facilitate engagement with staff, which may also include the area of collaboration around innovation and ideas and the management of these processes. The use of Yammer and other collaborative tools will also be reviewed.

10. The Suggestion Scheme project team intends to submit a paper to the Customer Services Delivery Group and the Summit Group in the New Year to seek agreement to extend the pilot as a temporary solution while the scope of the intranet project is determined. It will also allow us to continue to use Hunchbuzz to manage the ideas that were received in stage one of the pilot, and to run further campaigns to generate more ideas.

Committee:	Date:
Efficiency and Performance Sub Committee	13 January 2016
Subject: Service Based Review Roadmap	**Public**
Report of: Deputy Town Clerk	**For Information**

Summary

Under its terms of reference, the Efficiency and Performance Sub Committee is responsible for overseeing and monitoring the agreed programme of work arising from the Service Based Review.

This report presents the Sub Committee with the latest update in respect of the agreed Service Based Review projects and cross-cutting reviews in the format of the Service Based Review Roadmap (Appendix 1). Changes since the last meeting are reported against each of the projects in the main body of the report, in paragraphs 7 to 19.

A report on the review of Independent Schools was presented to the Education Board in December, and a summary is included as a non-public Appendix to this report (Appendix 3). No further work on this review has been requested by Members.

As proposed to Members at the last meeting, a separate report/presentation is included on the agenda for today's meeting, covering the key recommendations and next steps for the Strategic Asset Management review (incorporating the reviews of Facilities Management and Contract Management).

Recommendation

Members are asked to note the report.

Main Report

Background

1. Members agreed to receive an update report at every meeting showing progress on the delivery of Service Based Review projects and programmes, including any actions to address problems identified.

2. Progress is reported on a "Roadmap", attached as Appendix 1. This is in a common format, developed by the Corporate Programme Delivery Unit, who also work with Chief Officers to ensure that projects and programmes are delivered.

3. At officer level, progress is reported monthly to the Service Based Review Steering Group, chaired by the Chamberlain, and the Chief Officer Summit Group, chaired by the Town Clerk.

4. The next quarterly Service Based Review financial monitoring report will be presented to the March meeting of the Sub Committee.

Service Based Review Roadmap

5. The Service Based Review Roadmap at Appendix 1 to this report lists cross-cutting reviews agreed by the Policy and Resources Committee in September 2014, together with other work arising from the Service Based Review Challenge Meetings, or requested by the Policy and Resources Committee. It records the key activities for each of the projects as at the end of November. Appendix 2 contains an outline of each of the reviews reported on the Roadmap.

6. On the Roadmap, the status of projects is shown as follows:

R   Project is in a critical state, guaranteed to go, or has gone, beyond agreed tolerances

A   Project is slipping, has slipped, or is about to slip within agreed tolerances

G   Project is on track

◆   Milestone

Detailed Commentary – updates since the last report

Cross-cutting Reviews

7. <u>Strategic Asset Management</u>. This is the overarching proposal covering the Facilities Management, Contract Management and Strategic Review of Operational Properties reviews to ensure that there is integration across the three reviews. As proposed to Members at the last meeting, a separate report/presentation is included on the agenda for today's meeting, covering the key recommendations and next steps for the Strategic Asset Management review (incorporating the reviews of Facilities Management and Contract Management).

8. <u>Strategic Review of Operational Properties</u>. A report was presented to the Corporate Asset Sub Committee on 24 November, setting out emerging opportunities and recommendations for consideration as to the effective use of property assets. Through a series of workshops, departments have strategically reviewed their operational properties and the work has identified potential opportunities in the short, medium and longer term to enable rationalisation and/or more effective utilisation of existing property assets.

9. Some opportunities entail the relocation of people and operations, with resulting costs in order to facilitate the freeing up of property assets. Proposals that have been identified from the workshops have been prioritised to identify those opportunities which are likely to deliver the greatest value for money benefits.

Consideration is being given to identifying the resources required to deliver these opportunities, and setting appropriate accountabilities for delivering and realising the financial and non-financial benefits, including how and when budgets will be adjusted for the savings anticipated.

10. Many of the opportunities relate to properties where Departments have on-going operations which will need to be relocated in order for the opportunities to be realised. Appropriate priority and supporting resources will be essential if the indicative financial savings are going to be achieved. A further report will be presented to the Resource Allocation Sub Committee in January, following which agreement to initiate implementation projects will be sought from relevant Service Committees.

11. Income Generation. The headline findings and recommendations were presented to the Chief Officers Summit Group in December, and a draft report is scheduled for the Service Based Review Steering Group and Summit Group at their meetings in January. This will cover four key areas: a benchmark comparison of fees, charges and cost recovery with London local authorities; the potential for securing additional grants and public funding; increased commercialisation of services; and attracting more corporate and individual sponsorship. Following any adjustments, the report will be presented to the Policy and Resources Committee, followed by reports to other relevant service Committees, in the New Year.

12. Grants. An update report was presented to the Policy and Resources Committee on 19 November. A detailed implementation plan has been developed and progress is being overseen by the Deputy Town Clerk and the Chief Grants Officer. The plan will be resourced by a combination of in-house resources (e.g. finance and legal) and an external Project Manager, who has been recruited to manage and coordinate the activities required to deliver the plan, with an overall target date for agreed changes to commence from 1 April 2016.

13. Progress has been made on a number of the recommendations, including: formalising the de facto Open Spaces grants programme, reviewing Committee terms of reference, and merging the smaller charities. As the latter recommendation will be reliant on approval from the Charity Commission, it is unlikely to be achieved by 1 April. However there are no dependencies between this task and the other activities within the implementation plan

14. In response to earlier comments from Members, consideration of benefits in kind will be incorporated into the implementation plan. An initial analysis suggests that a number of the key reputational and value for money risks and issues that were identified in relation to the payment of grants also apply to benefits in kind, and this process could therefore also benefit from the application of a similarly consistent, coherent and co-ordinated approach.

15. Effectiveness of Hospitality. A draft report from the Chief Officer review team, led by the Remembrancer, was presented to the Hospitality Working Party on 11 December. The report separated out matters which are primarily concerned with the process and delivery of hospitality from matters which require Members to

confirm that they wish to pursue the actions identified, before recommendations are formulated. A key recommendation was the formal constitution of an officer group – the "City Events Management Group" – to provide oversight for the delivery of Corporation hospitality. The recommendations from the Hospitality Working Party will be presented to the Policy and Resources Committee for endorsement, followed by the General Purposes Committee of Aldermen and consultation with all Members.

16. Independent Schools. Following reports to the Boards of each of the three independent schools, covering activity in support of the Education Strategy, and their policy in relation to scholarships and bursaries, a composite report was agreed by the Education Board on 3 December. Appendix 3 (contained in the non-public section of this agenda) summarises the results of this review, covering the areas of: outreach; fees; scholarships and bursaries; and central support charges. This also notes the changes that have been agreed as a result of the review. No further work on this review has been requested by Members.

Departmental Reviews

17. Remodelling Libraries. Consultants for the design and scoping of the projects for the transformation of the Barbican and Shoe Lane Libraries are being procured and appointed by the City Surveyor's Department. Tenders for the works to Shoe Lane are to be invited in February/March, and contractors expected to be appointed in April. The target date for the completion of the works at Shoe Lane is June 2016. An outline options report for Barbican Library is scheduled to be submitted to Members in March.

18. Barbican Centre. As noted previously by Members, a key output from the Effectiveness review is the new Strategic Plan for the Centre, which was presented to the Barbican Centre Board in July. In December, the Barbican Centre Finance Sub Committee and the Board received an update on the Strategic Plan, its goals and ten cross-cutting work strands. The Centre also reported the establishment of a new unit – Barbican Incubator – with the aims of ensuring substantive progress against the strategic goals, developing improved organisational capabilities and establishing better ways of working across the organisation. A more comprehensive update is to be provided to the Centre's Finance Sub Committee in March.

19. At the last meeting, Members requested that they be kept updated in respect of the Centre's proposal to reduce unsocial hours payments from 2017/18. A meeting took place in November 2015 between the Managing Director of the Barbican Centre, the Director of HR, and the Chamberlain, to discuss this matter. It was noted that some savings would be expected to be made in respect of overtime and rota payments. Other changes are likely to be taken forward as part of the wider review of the City Corporation's pay and reward arrangements taking place in late 2016.

Conclusion

20. All of the cross-cutting reviews have now been reported to the Chief Officer Summit Group in draft or final form. Some have begun the process of Member reporting, which will continue over the next few weeks. Further updates will continue to be provided to the Sub Committee as the reviews move into their implementation phase.

Appendices:
- Appendix 1 – Service Based Review Roadmap (end of November 2015)
- Appendix 2 – Outline of reviews
- Appendix 3 (Non-public) – Independent Schools: Fees, Scholarships and Bursaries

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Service Based Reviews Roadmap

Appendix 1

Page 15

Programme / Project — Last updated December 2015	Oct	Nov	Dec	Jan (2016)	Feb (2016)	Mar -- (2016)	October RAG	November RAG
Cross Cutting								
Strategic Asset Management — *Sponsor: Susan Attard*	• Report to Summit Group		• Discussion at Chief Officers Group	• Update to Efficiency and Performance Sub Committee		• Update to Efficiency and Performance Sub Committee	A	A
>> Strategic Review of Operational Properties — *Lead: Caroline Al-Beyerty, Peter Bennett*	• Guildhall accomodation and ways of working workshop	• Report to CASC on opportunities	• Background report to Service Committees	• Report to Resource Allocation Sub Committee	• Opportunities presented to Servi ce Committees		A	A
>> Facilities Management — *Sponsor: Susan Attard Lead: David Smith*	• Operational model agreed by Summit Group	• Desktop review of existing contract specifications (cleaning & security)	• Collection of data to support operating model				A	A
>> Contract Management (Procuring and Managing Services) — *Sponsor: Michael Cogher Lead: Chris Bell*		• Draft report completed				• Development of projects and programmes	A	**G**
Income Generation — *Sponsor: Peter Kane Lead: Sue Baxter*	• CIPFA additional information commissioned • Analysis of income against cost centres • Analysis of potential mainstream public grants		• Headline findings & recommendations to Summit Group	• Draft report to Summit Group	• Report tp Policy & Resources; Finance, and other relevant Service Committees		G	G
Effectiveness of Grants - Implementation — *Sponsor: Susan Attard Lead: Sue Baxter*		• Update to Policy & Resources Committee	• Project Manager appointed for Implementation	• Update to Steering Group		• **Implementation of revised approach from 1/4/16**	A	A
Effectiveness of Hospitality — *Sponsor: Paul Double Lead: Nigel Lefton*	• Further discussions with Members and Chief Officers	• Report to Summit Group	• Report to Hospitality Working Party	• Report to Policy & Resources Committee and General Purposes Committee of Aldermen	• Consultation with all Members of Court of Common Council		G	G
Independent Schools – *fees, bursaries, scholarships* — *Lead: Peter Lisley*	• Report to CLFS Board of Governors		• Report to Education Board • Update to Steering Group	• Report to Efficiency & Performance Sub Committee			G	G
Departmental								
Remodelling Libraries — *Sponsor: David Pearson / Ade Adetosoye Lead: Carol Boswarthack/Rosalina Banfield*		• Appointment of consultants by City Surveyor		• Gateway 3 report to Projects Sub for Barbican Library	• Feb/Mar: Invitation to Tender for works at Shoe Lane	• Apr: Contractor appointed • Jun: works completed	G	G
Barbican Centre — *Sponsor: Nick Kenyon Lead: Sandeep Dwesar & Sarah Wall*			• Update to Barbican Centre Board			• Update to Barbican Finance Sub Committee	G	G

R Project is in a critical state, guaranteed to go, or has gone beyond agreed tolerances (financial, benefits, timescales, quality)

A Project is slipping, has slipped or is about to slip within agreed tolerances

G Project is on track

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Service Based Review:

Outline of reviews included on Service Based Review Roadmap

Cross-cutting

1. <u>Strategic Asset Management</u>. A number of opportunities to mitigate cost and risk across the City Corporation's asset base have been identified. Due to the diversity, scope and complexity of the different suggestions, an overarching proposal has been created to ensure that the strategic aims are aligned across all the asset-related opportunity outlines. Where appropriate joint working will be utilised to achieve better outcomes overall.

   Beneath the overarching proposal sit four work streams:
   - Strategic Review of Operational Properties;
   - Contract Management (Procuring & Managing Services - all Contracts);
   - Project Management (All Project / Programme Management), and
   - Facilities Management

   The key issue to be addressed is that current arrangements for providing these services are inconsistent across the organisation. There is a lack of shared organisational understanding or consistency in the levels of service and how these are identified, delivered and measured, resulting in duplication of effort in some areas and a number of pinch points. Through these reviews, the opportunity to consolidate and rationalise, in order to deliver consistent and appropriately defined services in a more efficient and cost effective manner will be thoroughly tested.

   <u>Note</u>: In March 2015, it was agreed to defer the review of Project Management until later in the overall programme.

2. <u>Income Generation</u>. The majority of the departmental proposals agreed by the Policy and Resource Committee in September 2014 relate to reducing costs, although several income generating proposals were put forward as part of this exercise. However, it was felt by Members that these proposals were not ambitious enough and that further opportunities should be explored. This review aims to identify both departmental and cross-cutting opportunities, such as promoting the city as a place to visit, and consequently increase income.

3. <u>Grants</u>. This review examined the potential to improve the many different City Fund and City's Cash grant giving functions across the City Corporation to achieve better transparency and accountability, improved value for money, greater traction and administrative efficiencies. The final review report has been approved by the Policy and Resources Committee and the relevant spending Committees.

4. <u>Effectiveness of Hospitality</u>. This review will comprise a thorough examination of all aspects of the City Corporation's hospitality activities and how these link to the Corporation's Strategic Aims. Hospitality linked to events takes place in numerous ways and in different departments; and this review will examine how

such hospitality can be coordinated so far as possible to maximise efficiency and effectiveness, and to achieve effective sharing of best practice.

5. <u>Independent Schools</u>. This review will examine issues regarding fees, scholarships and bursaries at the three independent schools and will be conducted in consultation with School Heads and the governing bodies.

Departmental

6. <u>Remodelling Libraries</u>. At the December 2014 meeting of the Policy and Resources Committee, Members received a report outlining transformation opportunities for the City Corporation's Library services. They agreed that the principle of ongoing transformation of the services should be pursued and that further work should take place on planning and costing a range of options relating to the City's Lending Libraries.

7. <u>Barbican Centre</u>. As part of the Service Based Review process, Adrian Ellis Associates (AEA) Consulting was commissioned to provide a review of the Barbican Centre's current operations and to identify areas in which there might be scope for improvements in efficiency and effectiveness. They also scrutinised and assessed the Centre's Service Based Review proposals. An implementation plan has been developed to encompass both the Service Based Review proposals and the AEA recommendations. Progress against the plan will be monitored through the standard Corporate Programme Delivery Unit processes, and reported to a separate Steering Group which has been established, and includes the Chamberlain, the Managing Director and the Deputy Town Clerk.

Efficiency and Performance Sub
Work Programme 2016
(Changes since the last meeting in italics)

Date	Items
7 March	- Service Based Review Roadmap (Corporate Programme Delivery Unit report) - Service Based Review financial monitoring report: Q3 - Departmental report: GSMD - Asset Management review - update - Performance monitoring report, LAPS Q2
18 May	- Service Based Review Roadmap (Corporate Programme Delivery Unit report) - Service Based Review financial monitoring report: Q4 - Departmental report: tbc - Performance monitoring report, LAPS Q3
6 July	- Service Based Review Roadmap (Corporate Programme Delivery Unit report) - Departmental report: tba - Performance monitoring report - Energy Performance Report – 2015/16
12 October	- Service Based Review Roadmap (Corporate Programme Delivery Unit report) - Service Based Review financial monitoring report: Q1 - Departmental report: tbc - Performance monitoring report, LAPS Q4 - Combined Heat and Power Annual Report 2015/16
30 November	*Service Based Review Roadmap (Corporate Programme Delivery Unit report)* *Service Based Review financial monitoring report: Q2* *Departmental report: tbc*

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Committee:	Dated:
Efficiency and Performance Sub Committee	13 January 2016
Subject: CIPFA Value for Money indicators 2014/15	**Public**
Report of: The Chamberlain	**For Information**

Summary

This report outlines the CIPFA Public Sector Corporate Services VFM Indicators for Finance, HR and Legal Services between 2014/15 (the latest available statistics) and compares movements to the previous submission for 2013/14. The comparator base used is other London Boroughs.

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 other 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 other local authorities have cut back on, such as training.

Recommendation

Members are asked to note the report.

Main Report

Background

1. Members have previously been presented with the CIPFA Public Sector Corporate Services VFM Indicators for the Finance, HR & Legal Services functions in 2013/14.

2. The CIPFA data for 2014/15 is now available and is presented in Appendix A (Finance), Appendix B (HR) and Appendix C (Legal Services). The reports have been analysed and compared with the 2013/14 submissions to monitor changes and identify any areas of continuing concern.
   It should be noted that only seven London boroughs participated in the current legal services survey.

Finance

3. The Public Sector Corporate Services VFM Indicators for Finance Services in 2013/14 compare the City Of London Corporation data with 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 2013/14;
- 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

Table 1 – Key Finance Statistics

Indicator	Description	2014/15	2013/14	2011/12
FP1	Cost of Finance function in relation to size of organisation	1.4%	1.6%	1.8%
FS1	% of staff professionally qualified	25.7%	22.8%	35.6%
FS5	Credit notes as % of invoices	5.6%	6.7%	7.8%
FS8	% of outstanding debt more than 90 days old	13.9%	11.0%	12.3%

4. Indicator FP1 states 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 1.4% of the overall organisational spend. This is an improvement on a figure of 1.6% for 2013/14 and the 1.8% figure back in 2011/12 However, despite the continuing shift to a lower proportion of cost over recent years, this is still a 'red light' in CIPFA terms as it compares unfavourably with an average of 1.0%. . Note the average figure in the survey has fallen from 1.2% in 2011/12 to 1% in 2014/15. The Committee structure of the City means that it is always likely to be significantly more expensive than local authority comparators. However, the implementation of the replacement/upgrades to the Manhattan and Oracle systems should allow further efficiencies to be realised in the Finance team once current issues are resolved.

5. Given the high (but reducing) 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. The allocation of resources to the cost of reporting and controls is seen to be correct, however the City has two amber light issues in that the proportion of spend on transaction processing is deemed too high and the proportion on supporting business decisions is deemed too low. Significant cost reduction measures affecting the cost of transaction processing are being addressed as part in the Service Based Review.

6. One area of concern back in 2011/12 was Indicator FS5 which relates to amount of credit notes raised as a % of total customer invoices raised. This figure was

7.8% in 2011/12 and has fallen back first to 6.7% in 2013/14 and now 5.6%, well below the London average of 7.3%.

7. FS 6 shows the cost of accounts payable to be high when compared to the group. Greater purchase order compliance, higher levels of P.O. for easy matching, e-Invoicing and a greatly reduced amount of suppliers contracted should see this cost reduce significantly next year. However, Indicator FS9(a), which shows the % invoices for commercial goods & services paid by the organisation within 10 days of receipt, has greatly improved over the last year. The CoL figure is 83.0% compared to 60.6% last year and is now better than the London average of 78.0%, mainly driven by much higher use of purchase orders across the organisation.

8. 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 challenge to put in place a comprehensive suite of KPI's linked to fully costed outputs.

9. Indicator FS1 sets out the % of finance staff that are professionally qualified. The City of London figure is 25.7%, higher than the figure of 22.8% last year but still below the London average of 35.5%. The professional training and development programme has recently been reviewed and this mix should change in forthcoming years. Approximately 18% of Financial Services Division staff are currently training for a professional accounting qualification.

10. One area of concern is Indicator FS8, the percentage of outstanding debt that is more than 90 days old from the date of the invoice, which stands at 13.9%. Whilst this remains well below the London average of 29.3% it has increased from 12.3% in 2011-12 and 11.0% in 2013-14.

11. The City also scored very well for using modern finance practices as set out in Indicator FP7 with a score of 9 out of 10, which should move to 10 out of 10 going forward, with the one missing item relating to embedding annual customer satisfaction surveys which the Chamberlain has instigated.

Legal Services

12. The Public Sector Corporate Services VFM Indicators for Legal Services in 2014/15 compare the City Of London Corporation data with six other London Boroughs. The key messages from the analysis are:

- The City still appears expensive on the economy and efficiency indicators, but is improving in this area;
- The legal services provided by the Comptroller and City Solicitor are very highly regarded; and
- Modern practices are well embedded.

13. There are four main indicators relating to the economy and efficiency of the legal service. In the past the City of London has been in the most expensive quartile for each, but this year that improves to only three of the four.

- 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 0.83% is above the average of 0.54% but is an improvement on the previous years 0.92%. Note however the average has also reduced over the period from 0.61% in 2013/14.

- Indicator LS1 (b) is very similar but compares costs net of income as a percentage of organisational running costs. Again the City figure of 0.62% is above the average of 0.44% but is better than the previous years 0.81%.

- Indicator LS5 sets out the cost of the legal function per employee - the City figure of £1,243 is only slightly above the average of £1,194.

- Indicator LS8 sets out the cost per hour of providing legal work. The City figure of £94 is again in the top quartile compared to an average of £71.

14. 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. 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.

15. 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 appropriate salaries to attract the right skills and experience. Commercial law traditionally has higher salary levels than child protection and social care law. Our geographic proximity to the mayor 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.

16. The levels of satisfaction with the legal service continues to be very high as shown by both Commissioner and User Satisfaction ratings set out in 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.

17. It is noted that only six London boroughs participated in the legal services survey for 2013/14 and seven legal departments in the current survey.

Human Resources

18. The Public Sector Corporate Services VFM Indicators for Human Resources in 2014/15 compare the City Of London Corporation data with Other 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.

19. 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 0.99% is above the average of 0.76%, but is not in the top quartile.
- Indicator HRP1(b) calculates the overall HR cost per FTE. Against this measure however, the City is again in the most expensive quartile with a figure of £1,087 compared to an average of £896.

20. There are number of factors influencing the high cost of the service which can distort the way the VfM is reported. 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. Also the cost of the HR function used for the report is the total cost of the HR service, but the FTE figure used to compare with this only reflects the staffing of our City Fund services. Furthermore, there was a strategic decision to keep the level of investment in the training and development at a high level, albeit with a significant rationalisation in how this training is delivered.

21. The cost of agency staff as a percentage of the total pay bill as set out in Indicator HRS2 was 14.9% against an average of 8.3%. This is an increase on the 9.9% figure last year. This is partly due to a high proportion of consultants being employed over the last 12 months to manage and support key projects such as Oracle, Service Based Review and Police IT. Work is currently underway to review our use and cost of consultants in the future.

22. There are favourable responses in terms of the Impact of the HR function

- Indicator HRP3 shows the City (1.5 days per FTE per year) to be above the average (1.2) for investing in employees' development.

- Staff turnover, as shown by Indicator HRP4, is 13.7% which is above the London average of 8.7%. However, this comes after a number of years of much lower than average staff turnover. With a number of restructures and efficiencies being implemented this has impacted on the staff turnover. This includes a number of short term contracts that have not been renewed. This area will continue to be monitored as we progress the Service Based Reviews over the next two/three years.
- Indicator HRP5 shows the average working days per FTE lost annually through sickness at 5.4% to be below the average of 7.5% and lower than the 5.6% last year. This is partly a result of initiatives such as the Sickness Absence Review Group and continued close management of sickness absence.
- 94% of staff have an annual face to face appraisal compared to an average of 72% across other London Boroughs. Note this statistic is based on staff appraised against total staff, however not all staff are eligible for appraisal (new starters, casual staff etc) which is the main reason this is not 100%.
- Elapsed time from a vacancy to acceptance of an offer now stands at 49.1 days which is better than the London average of 54.2 days and a significant improvement on the previous year.

23. There are a number of indicators which relate to the equality and diversity agenda - HRS10 to HRS13. These indicators are regularly monitored by Establishment Committee and so no comment is made in this report.

24. Note that during 2014/15 no User Satisfaction surveys were carried out.

25. 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. Note the HR department continues to receive Investors in People accreditation, which a number of other local authorities have been unable to maintain.

Conclusion

26. 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 other 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 other local authorities have cut back on, such as training. It's however important to note in all areas these costs are falling.

27. 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 and ensuring appropriate professional development of staff.
28. The Comptroller and City Solicitor focus on improving efficiency is mainly through better demand management, but also exploring possible shared service arrangements where practicable. Due to the low number of legal departments participating in the survey it is recommended that, in future, legal services are surveyed every three years

29. The Director of HR is focusing on a number of areas to reduce costs going forward as outlined in the Service Based Review.

Appendices

- Appendix A – CIPFA Finance VFM Indicators 2014-15
- Appendix B – CIPFA Legal VFM Indicators 2014-15
- Appendix C – CIPFA HR VFM Indicators 2014-15

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Public Sector Corporate Services VfM Indicators

Finance

2014/15

City of London Corporation

compared with

With Other London Boroughs

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 contact us at vfmindicators@cipfa.org if you would like to discuss this or any other matters further.

John Parsons
Benchmarking Manager

Page 30

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:

Economy and efficiency

FP1 FP1(a) FP1(b) FP1(c)

Impact on organisation

FP2 FP3 FP4

Satisfaction FP5

Commissioner User

Modern practices

FP7

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.

Page 31

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
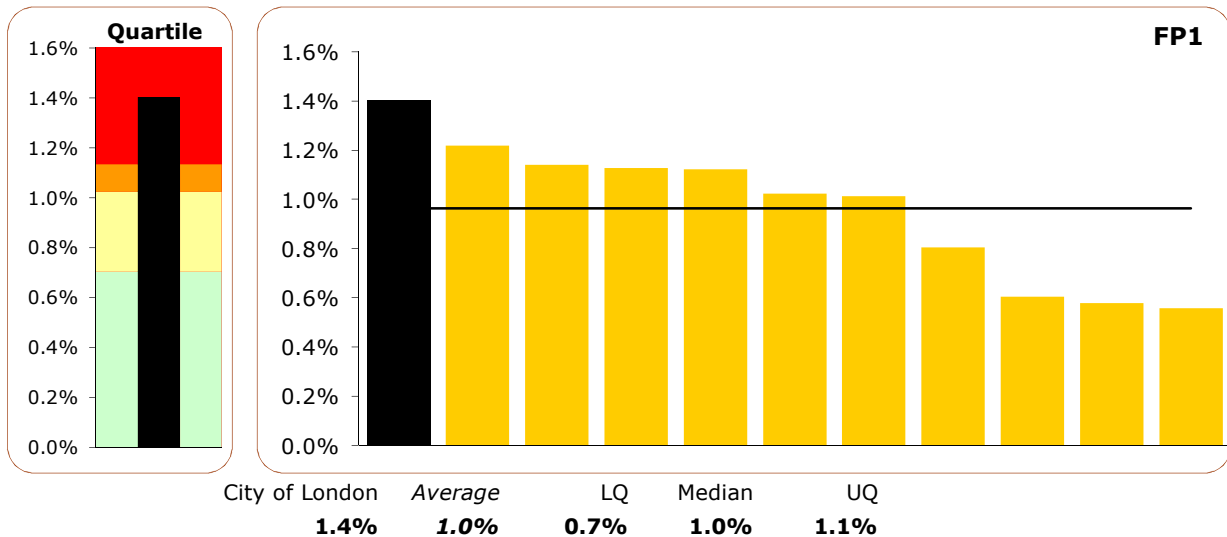
	City of London	Average	LQ	Median	UQ
	1.4%	***1.0%***	**0.7%**	**1.0%**	**1.1%**

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)	**£2,020**	From lower quartile (£'000)	**£3,715**

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.

Page 32
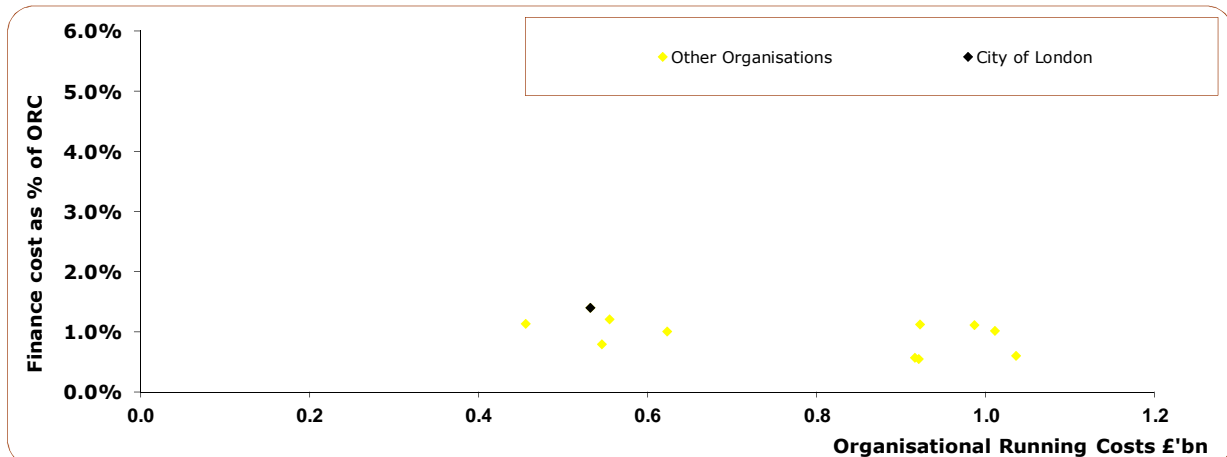
FP1(a) Transaction processing cost as a percentage of finance function costs

City of London	*Average*	LQ	Median	UQ
33%	**28%**	**21%**	**26%**	**33%**
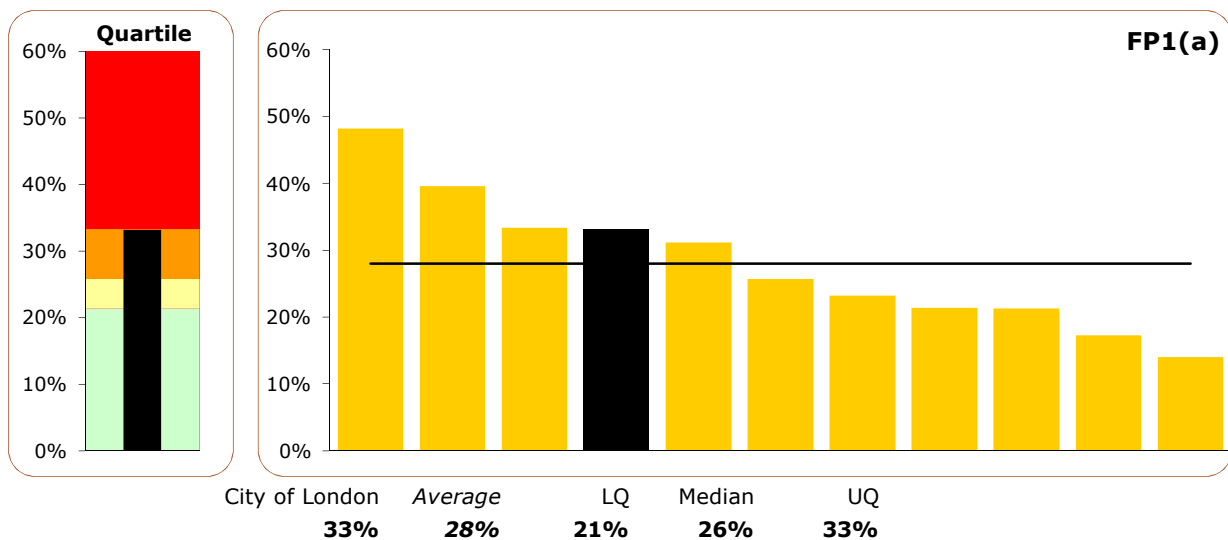
FP1(b) Business decision support cost as a percentage of finance function costs

City of London	*Average*	LQ	Median	UQ
31%	**34%**	**30%**	**33%**	**38%**
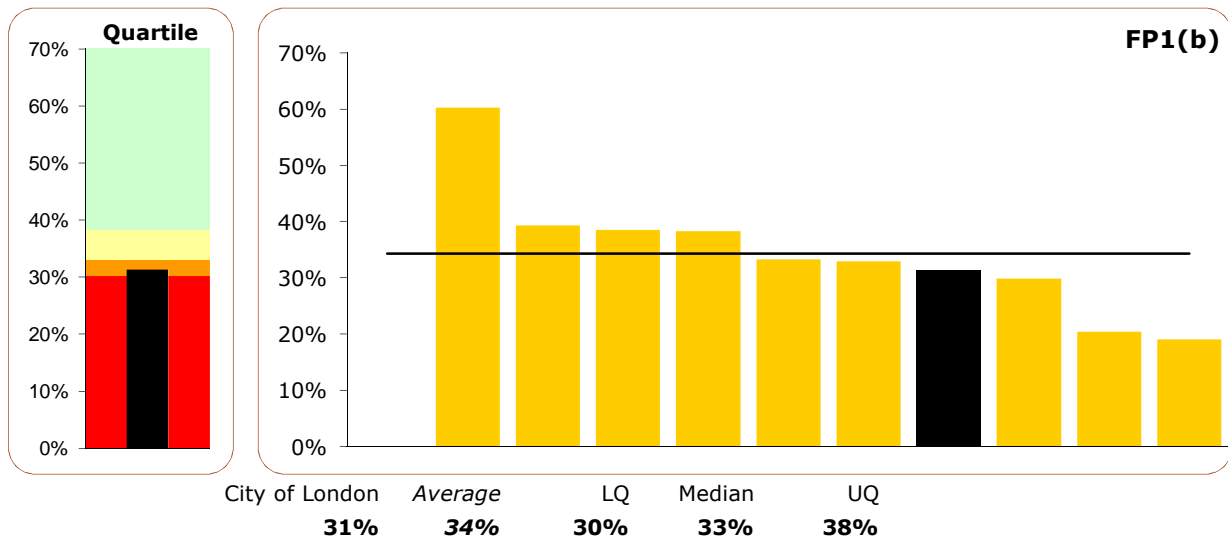
FP1(c) Cost of reporting and control as a proportion of finance function costs

City of London	*Average*	LQ	Median	UQ
35%	**40%**	**36%**	**39%**	**44%**

Page 33
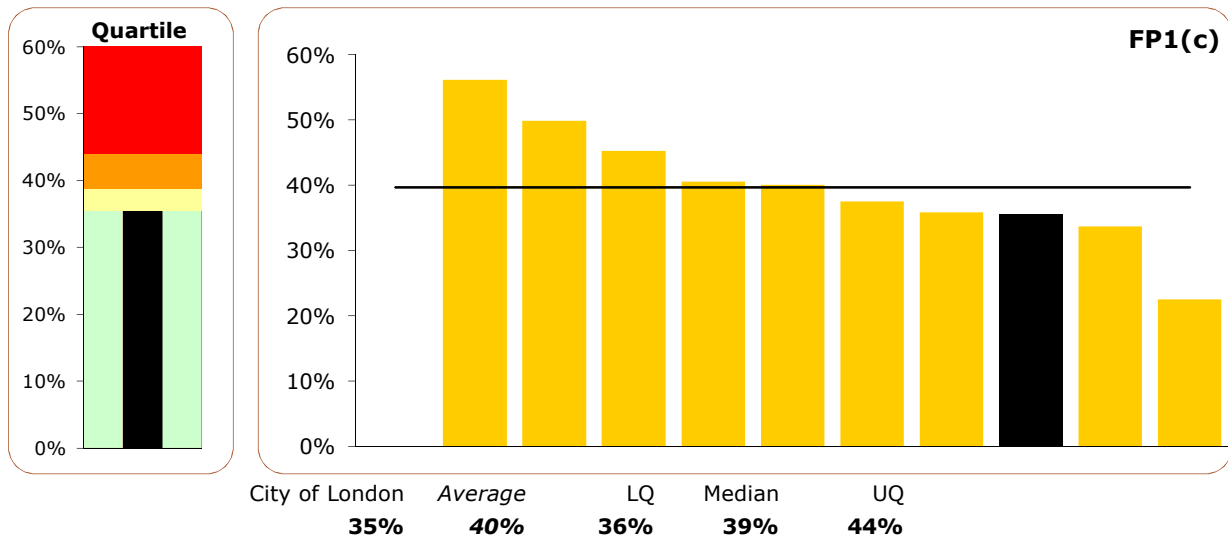
Finance cost/£'000 Organisation running costs 2014/15

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

Staff
£12.72 *£7.29*

IT
£0.00 *£0.45*

Accommodation
£0.00 *£0.24*

Total Cost
£14.03 *£9.63*

Supplies & Consumables
£0.25 *£0.37*

Outsourcing
£0.00 *£0.26*

Other
£1.06 *£1.01*

Costs 2014/15 (£'000)	
Staff	6,761
IT	-
Accommodation	-
Supplies & Consumables	133
Outsourcing	-
Other	566
Total	**7,460**
Organisational running costs	**531,600**

Page 34

Finance Cost per £'000 Organisational running costs

2014/15 Actuals
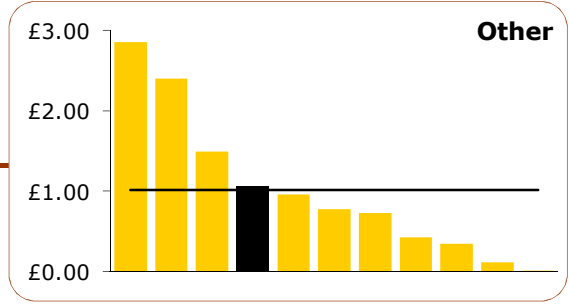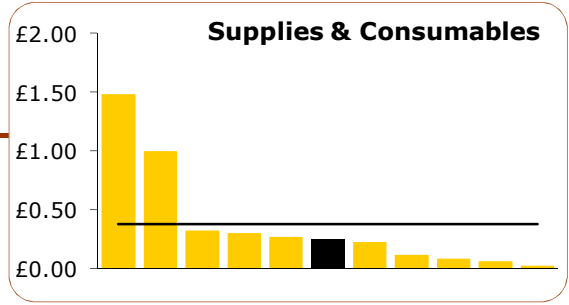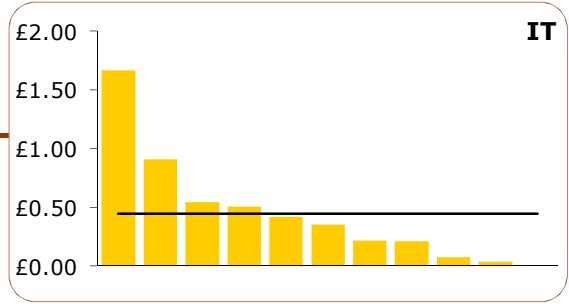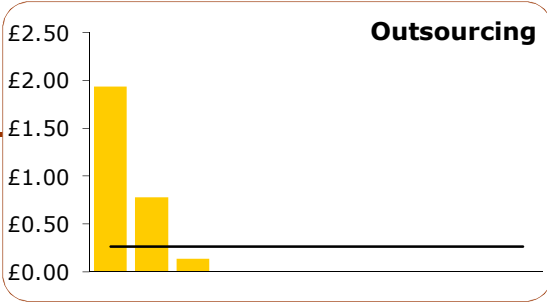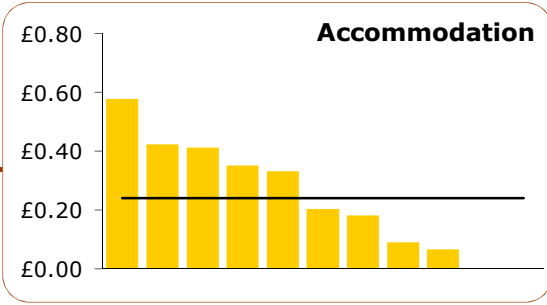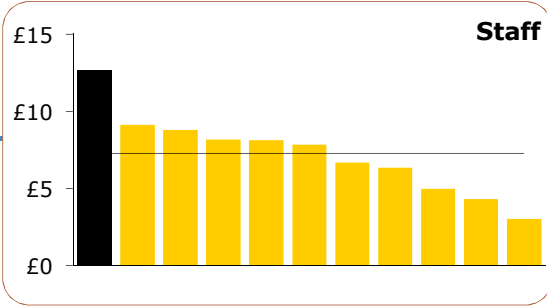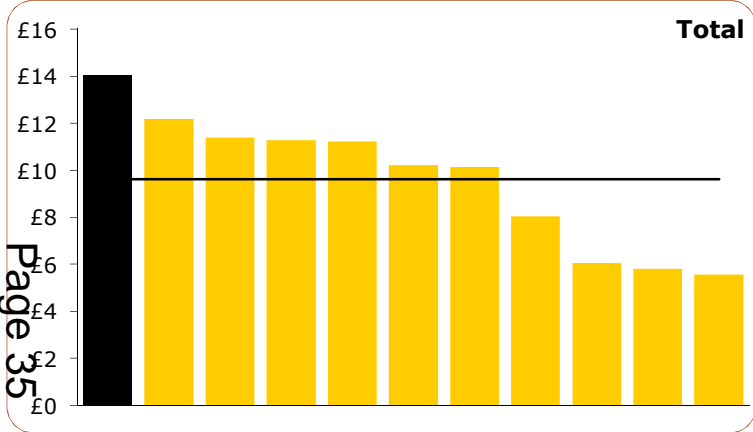
Secondary Indicators

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.

	City of London	Average	LQ	Median	UQ
	£27.14	***£17.46***	**£12.21**	**£16.56**	**£23.33**
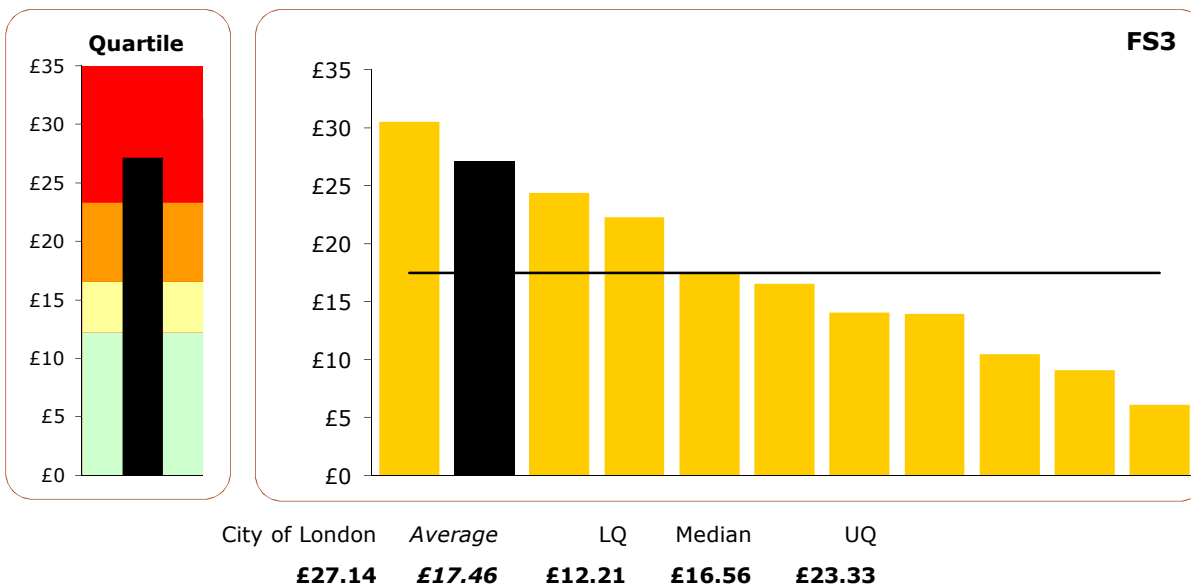
FS4 Debtor days

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.

	City of London	Average	LQ	Median	UQ
	39.0	***81.5***	**51.5**	**74.7**	**109.4**

Page 36
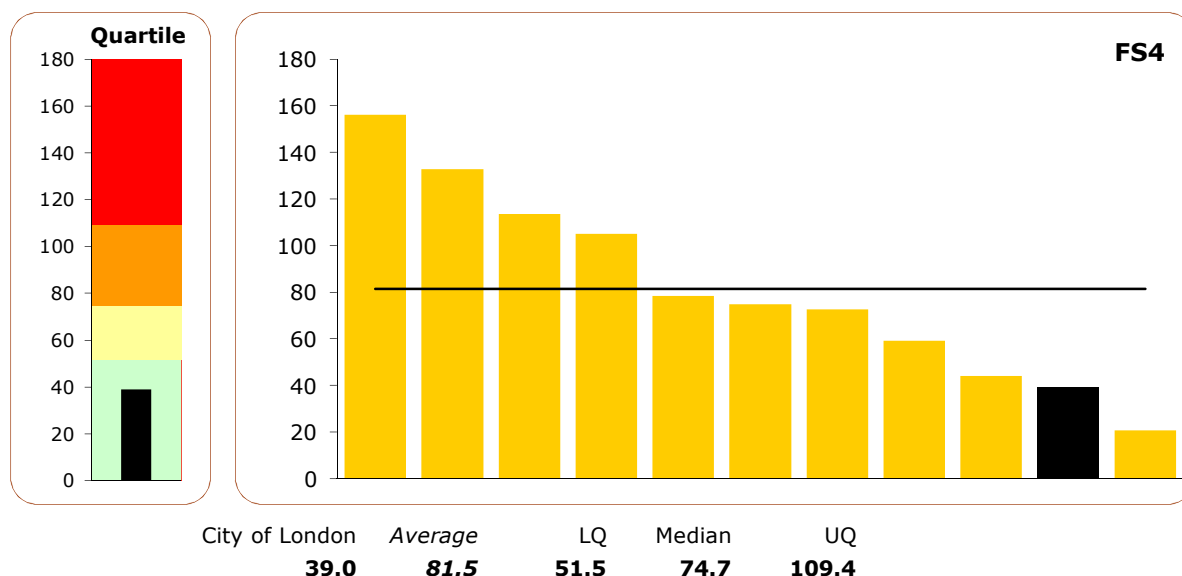
FS5 Credit notes as a % total customer invoices raised

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).

City of London	Average	LQ	Median	UQ
5.6%	7.3%	3.7%	5.5%	7.1%
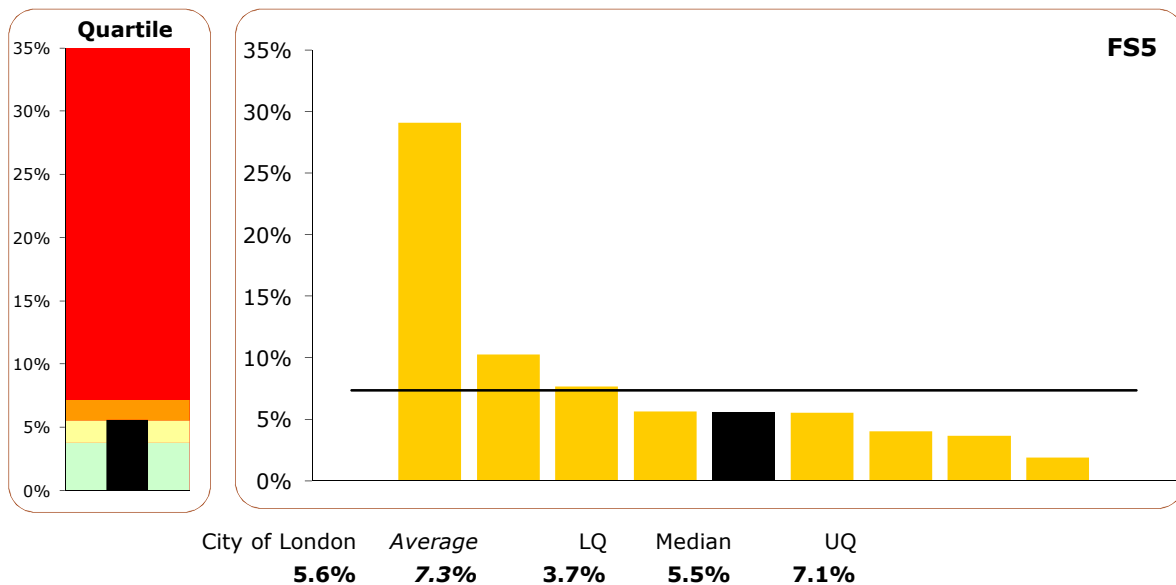
FS6 Cost of Accounts Payable per accounts payable invoice processed

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).

City of London	Average	LQ	Median	UQ
£12.10	£4.50	£2.61	£3.73	£5.54

Page 37
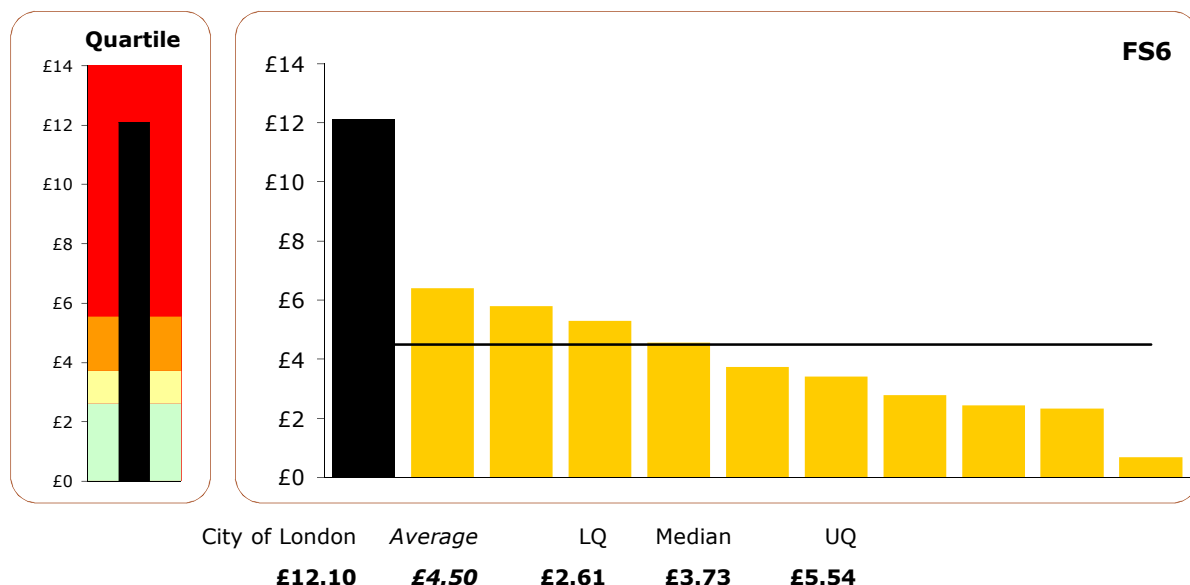
FS7 % payments made by electronic means

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.
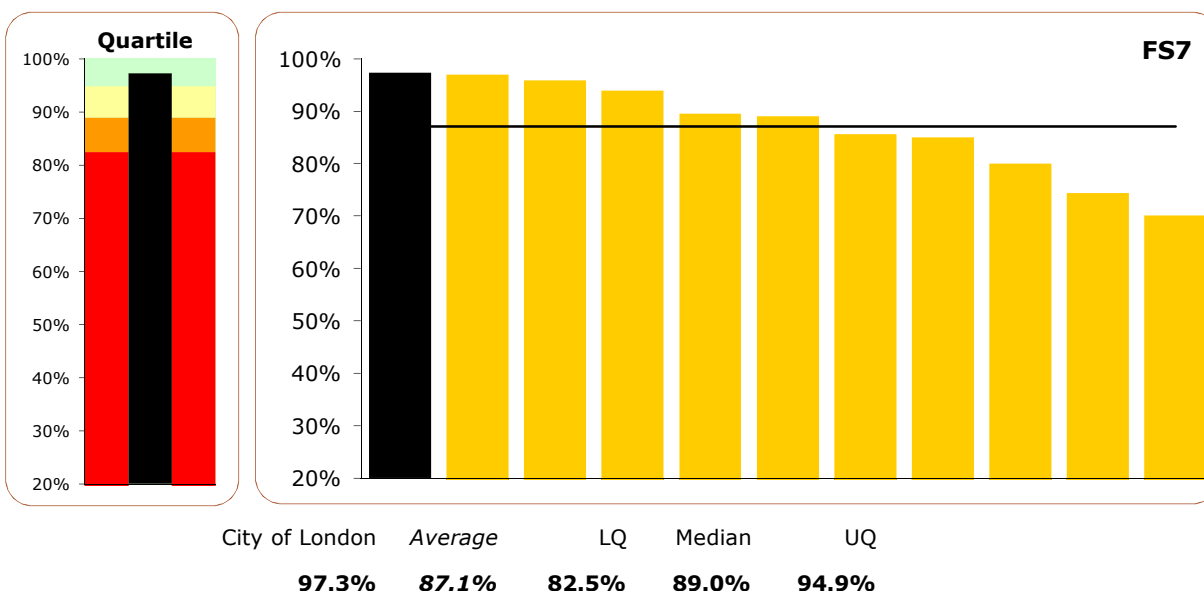
	City of London	*Average*	LQ	Median	UQ
	97.3%	***87.1%***	**82.5%**	**89.0%**	**94.9%**

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
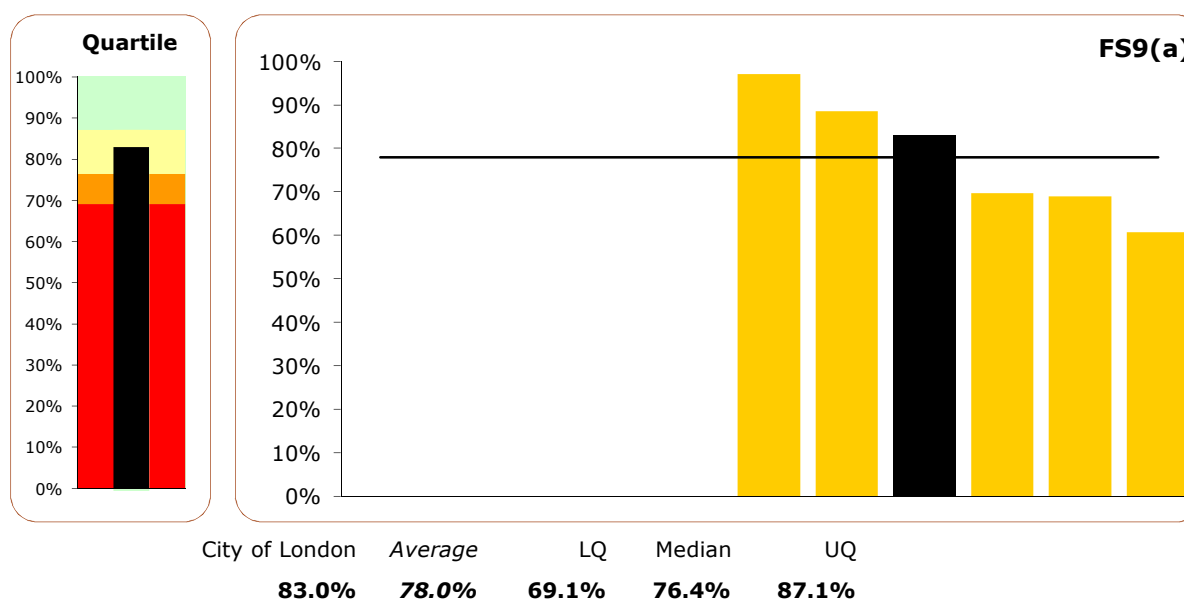
	City of London	*Average*	LQ	Median	UQ
	83.0%	***78.0%***	**69.1%**	**76.4%**	**87.1%**

Page 38

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

City of London	Average	LQ	Median	UQ
94.0%	**90.6%**	**86.7%**	**93.3%**	**94.9%**
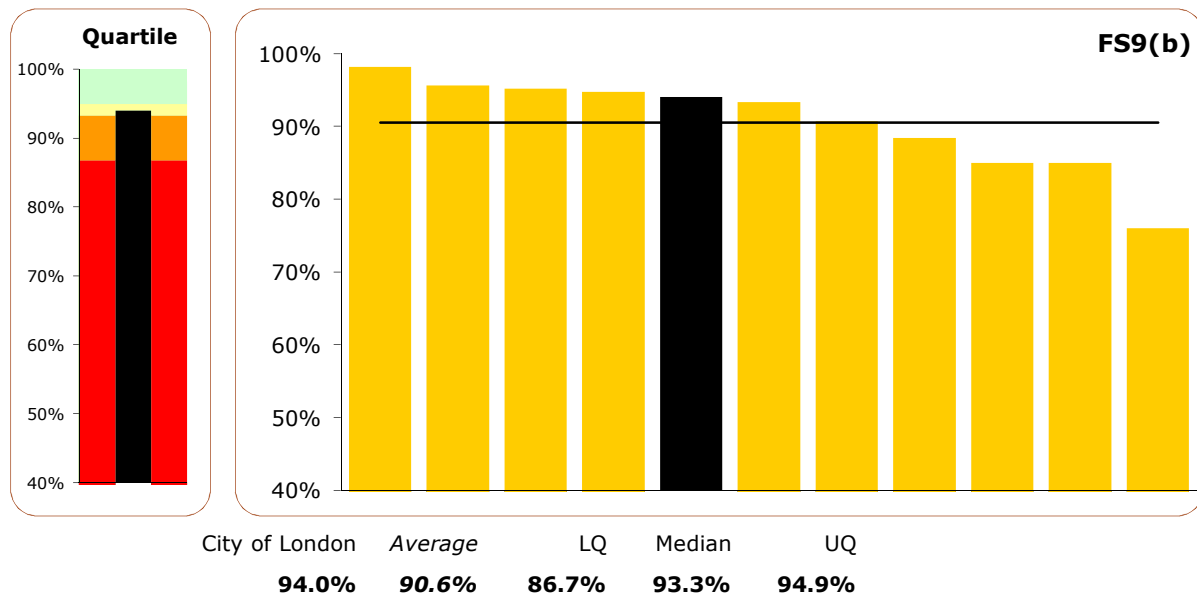
FS10 Payroll admin cost per employee paid

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)

City of London	Average	LQ	Median	UQ
£51.81	**£57.66**	**£32.31**	**£55.74**	**£77.52**

Page 39
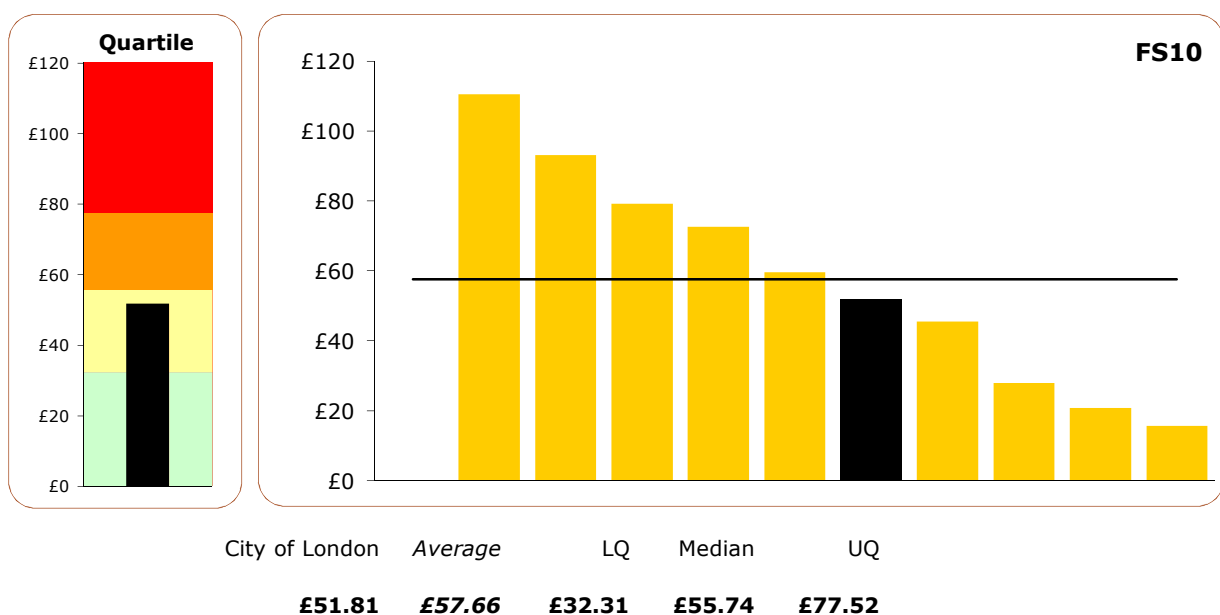
Section 2 - IMPACT

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

	City of London	Average	LQ	Median	UQ
	3	*15*	**7**	**15**	**24**
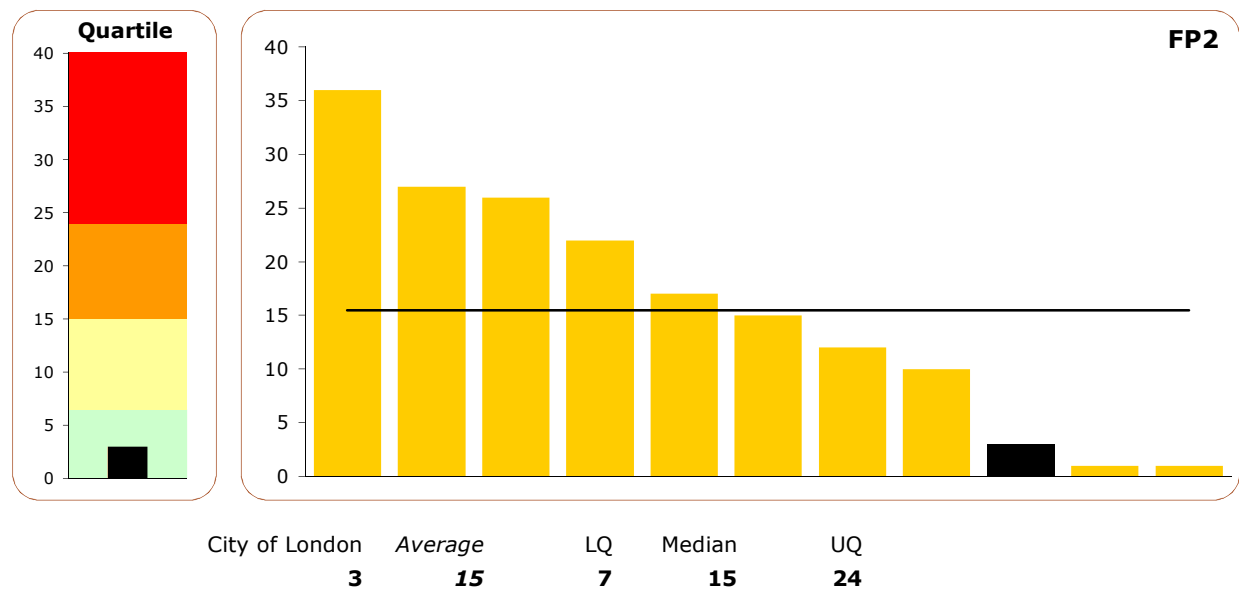
FP3 % variation between forecast outturn at month 6 and the actual outturn at month 12

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.

FP3 Actual Values

Quartile

FP3 Absolute Value

	City of London	Average	LQ	Median	UQ
	na	2.5%	1.1%	1.6%	2.4%
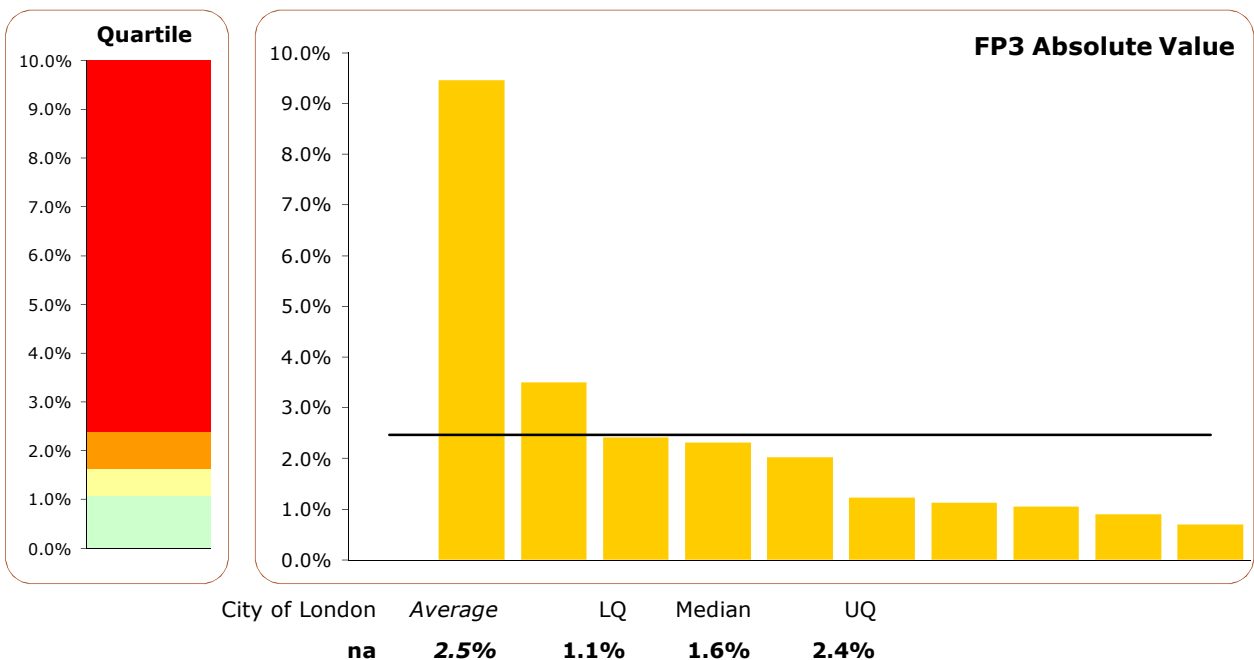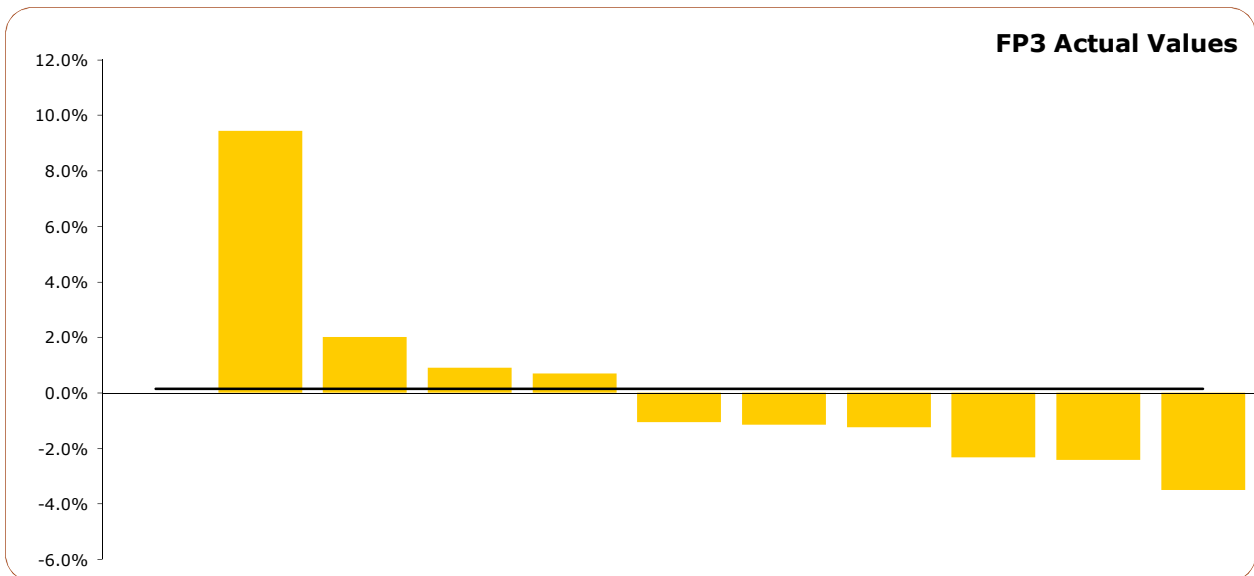
FP4 % public sector organisation spend for which there are fully costed outputs which are measured by key performance metrics and for which a named individual is accountable

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	66.2%	60.0%	61.6%	67.8%

Page 42
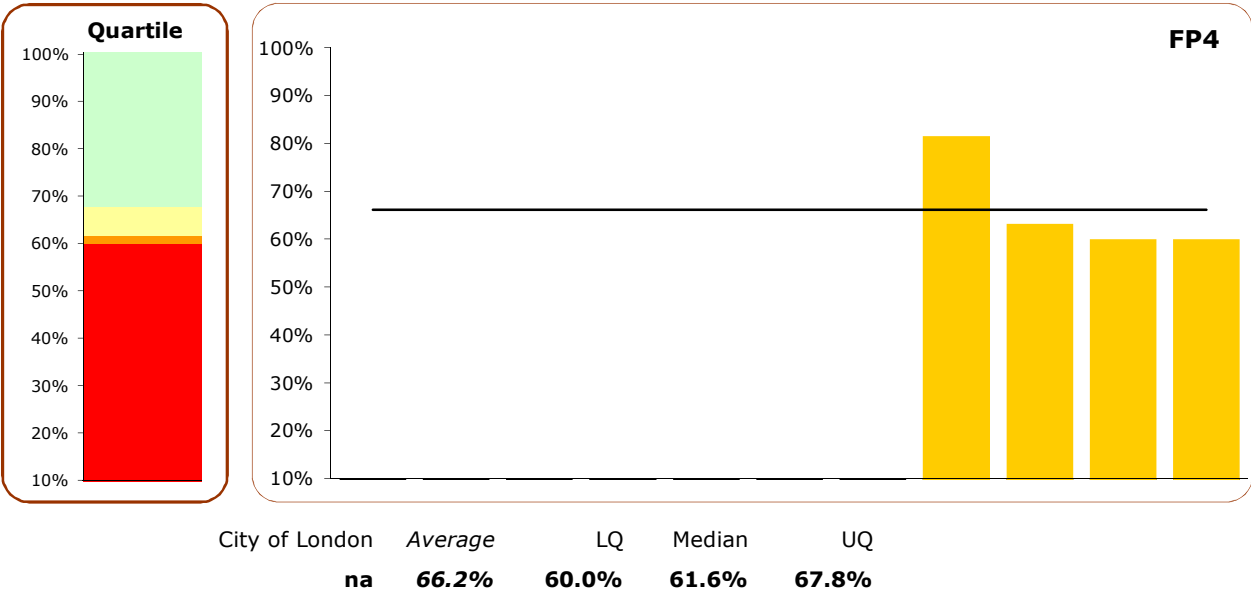
Secondary Indicators

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).

City of London	Average	LQ	Median	UQ
25.7%	**35.5%**	**26.4%**	**29.9%**	**40.5%**
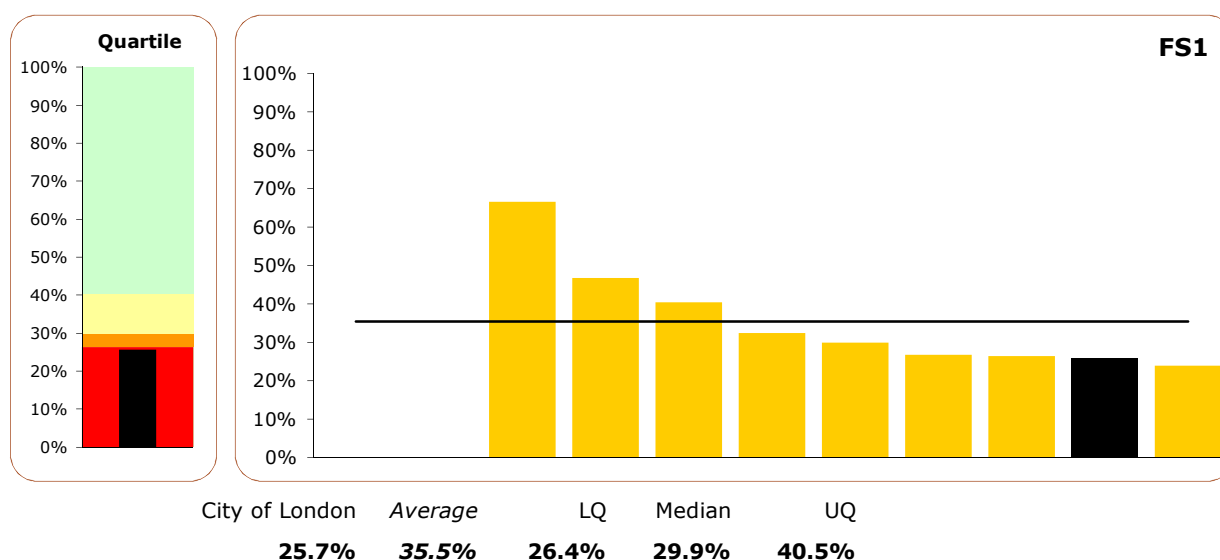
FS2 (a) Days from date of year-end to submission of annual accounts for audit

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.

City of London	Average	LQ	Median	UQ
30	**73**	**55**	**61**	**90**

Page 43
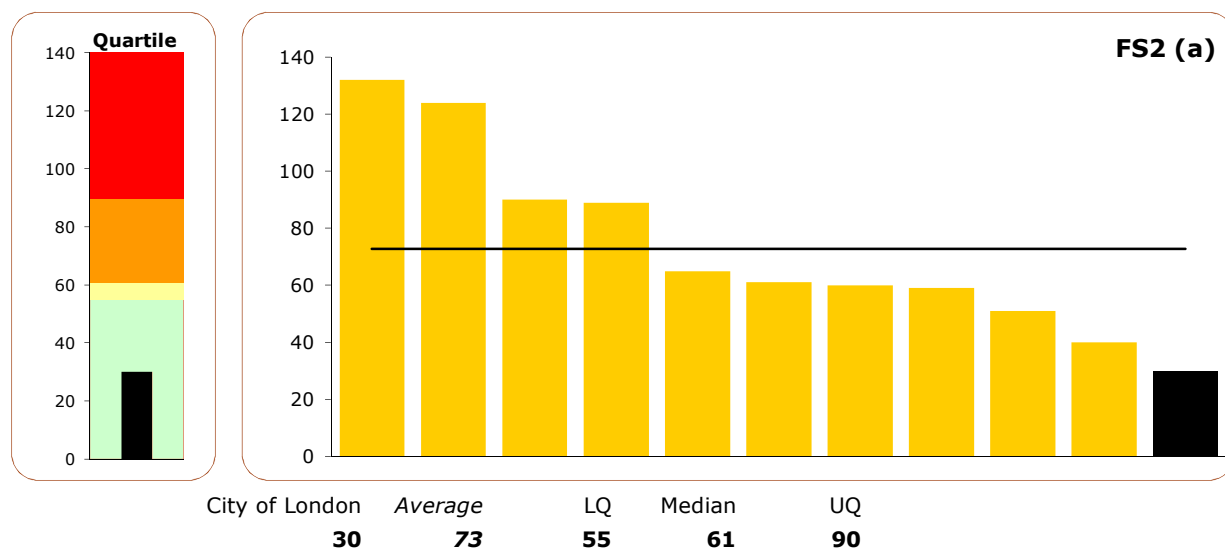
FS2(b) Was the last set of accounts qualified by external audit?
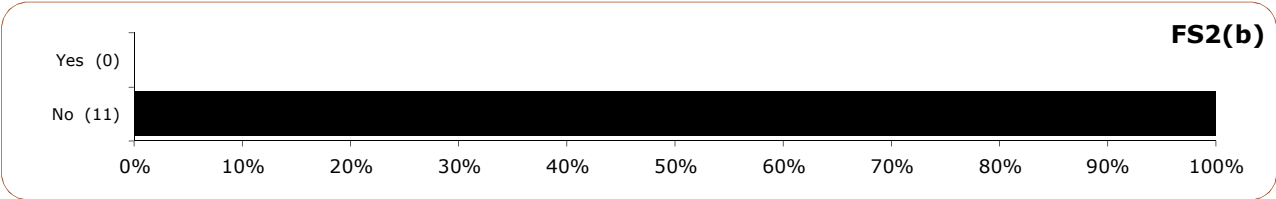
FS8 % outstanding debt that is more than 90 days old from date of invoice

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.
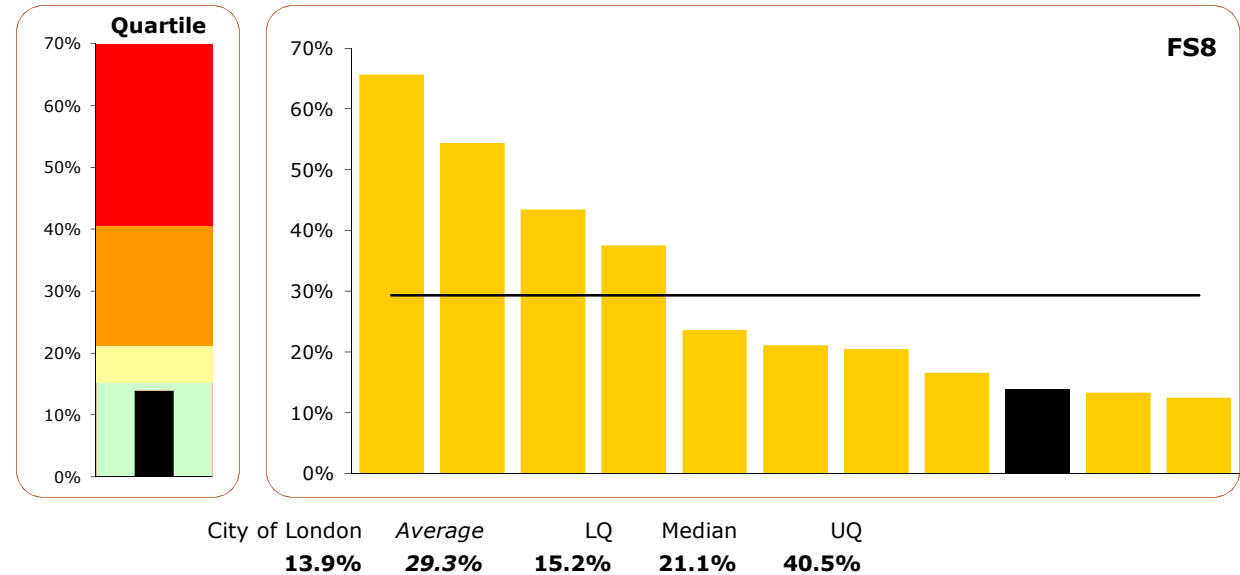
City of London	*Average*	LQ	Median	UQ
13.9%	*29.3%*	**15.2%**	**21.1%**	**40.5%**

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
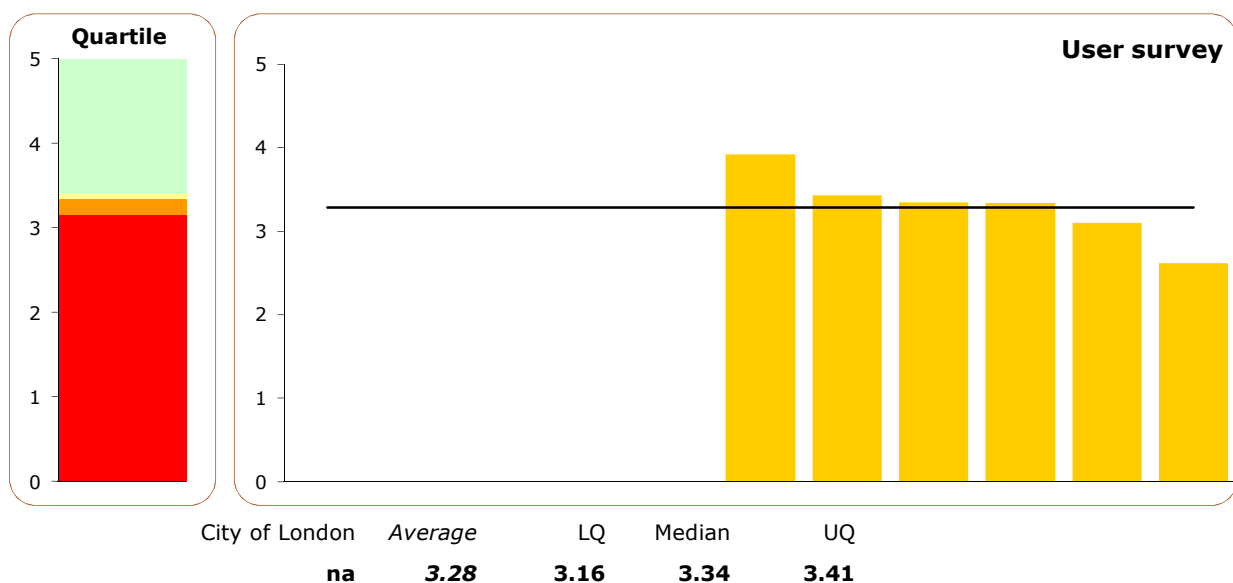
City of London	Average	LQ	Median	UQ
na	*3.34*	2.88	3.59	3.68

FP5(b) User satisfaction average score

City of London	Average	LQ	Median	UQ
na	*3.28*	3.16	3.34	3.41

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.
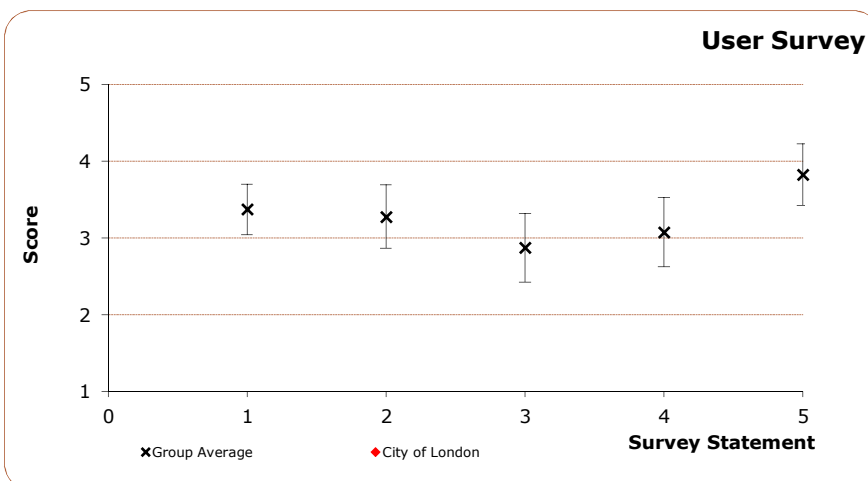
User Survey

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.

Page 46

Section 4 - MANAGEMENT PRACTICE INDICATORS

FP6 CIPFA Financial Management Model

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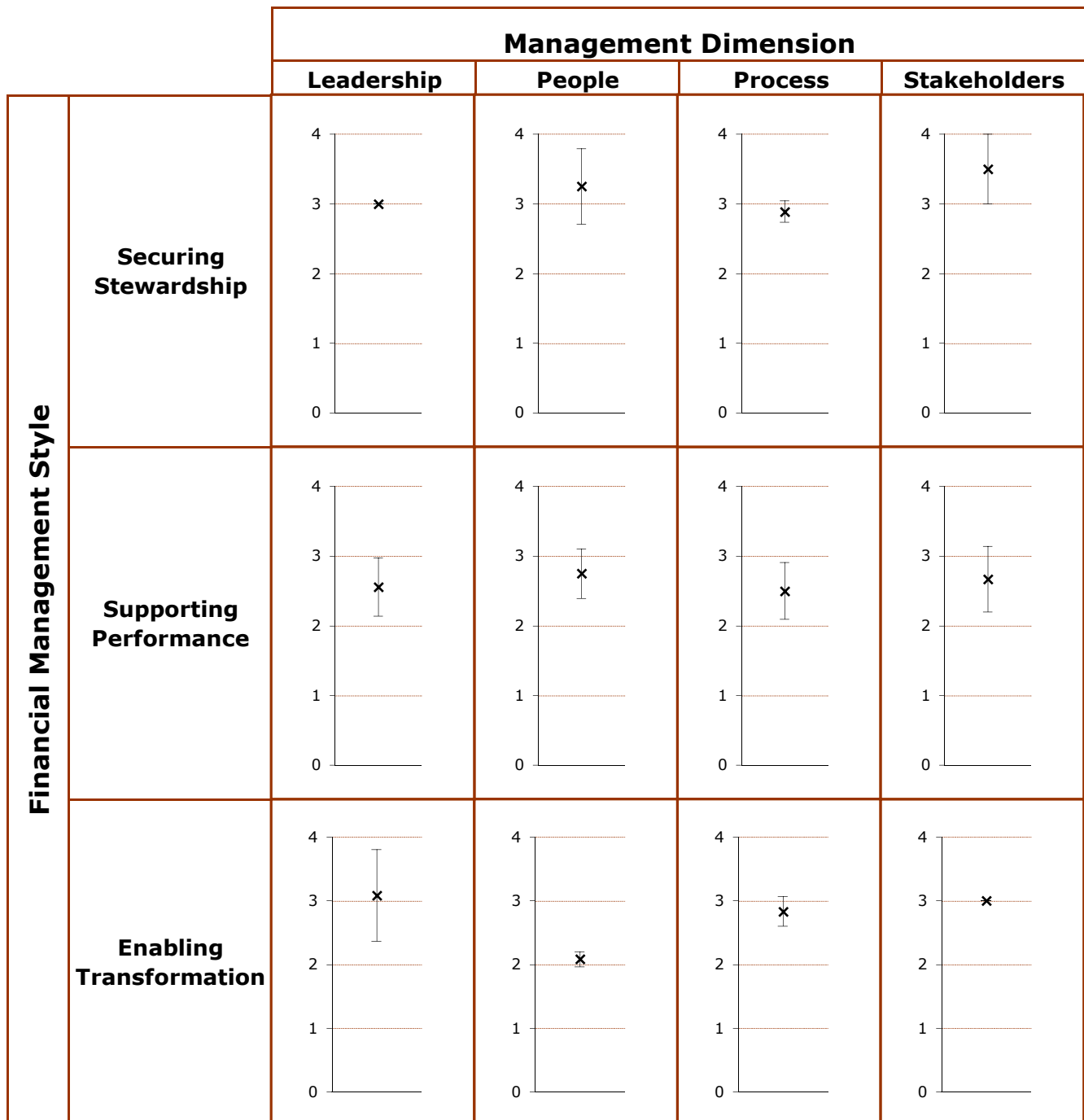
These charts show the average performance scores for all participants as black x's. The black error bars show one standard deviation either side of the mean. Approximately 65 - 70% of the organisations will fall within this range. The red diamond is the average score for your organisation.

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

FP7 Modern Management Practices

Management practice total score

City of London	*Average*	LQ	Median	UQ
9	*7*	*7*	*7*	*8*

City of London		Yes	No	% Yes	% No
FMP1	**Yes**	9	0	**100.0%**	**0.0%**
FMP2	**Yes**	5	4	**55.6%**	**44.4%**
FMP3	**Yes**	9	0	**100.0%**	**0.0%**
FMP4	**Yes**	9	0	**100.0%**	**0.0%**
FMP5	**Yes**	8	1	**88.9%**	**11.1%**
FMP6	**Yes**	5	4	**55.6%**	**44.4%**
FMP7	**Yes**	7	2	**77.8%**	**22.2%**
FMP8	**Yes**	2	7	**22.2%**	**77.8%**
FMP9	**No**	5	4	**55.6%**	**44.4%**
FMP10	**Yes**	8	1	**88.9%**	**11.1%**

Page 48

FMP1
The responsibilities of budget holders are clearly understood and embedded in performance

FMP1

Yes (9)	████████████████████ 100%
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
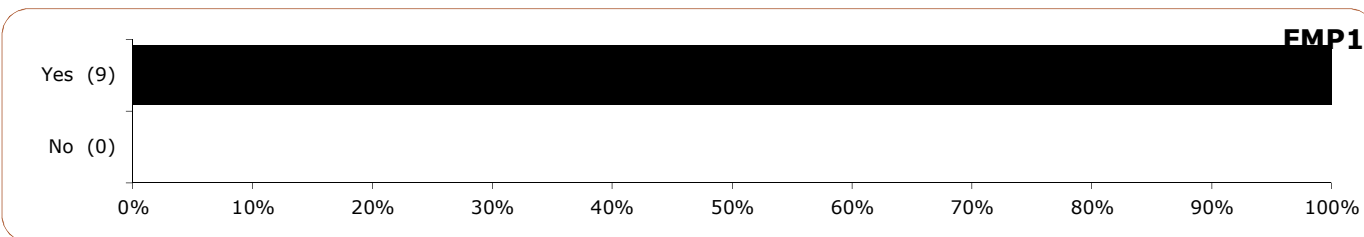
FMP2
Service levels and expectations have been set with key internal customers using a documented approach such as an SLA or Customer Charter, with regular service review meetings held.

FMP2

Yes (5)	████████████
No (4)	██████████

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
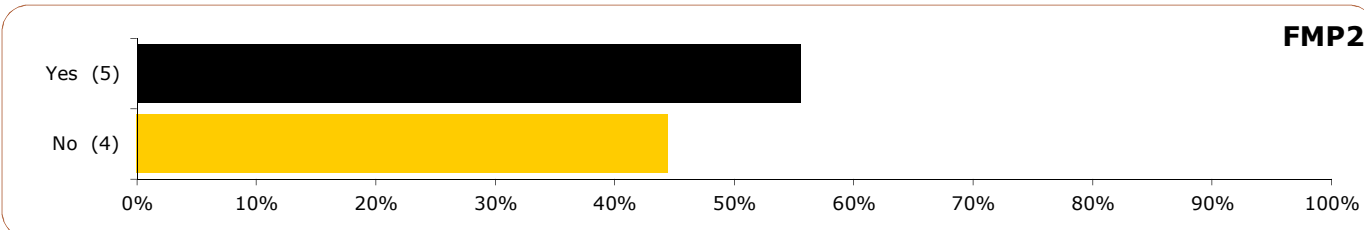
FMP3
A rolling programme of reviewing and benchmarking the organisation's costs is in place across major service areas.

FMP3

Yes (9)	████████████████████ 100%
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
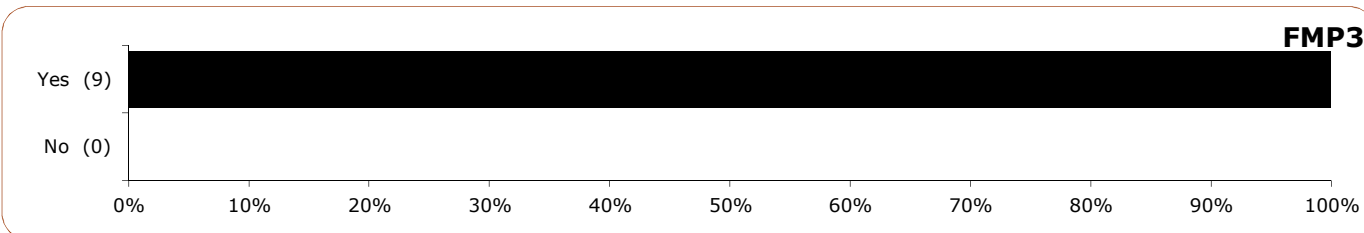
FMP4
Standardised organisation-wide integrated software is in place with centralised data processing. This should cover as a minimum purchase to payment of supplier and invoice to cash receipt from a customer.

FMP4

Yes (9)	████████████████████ 100%
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
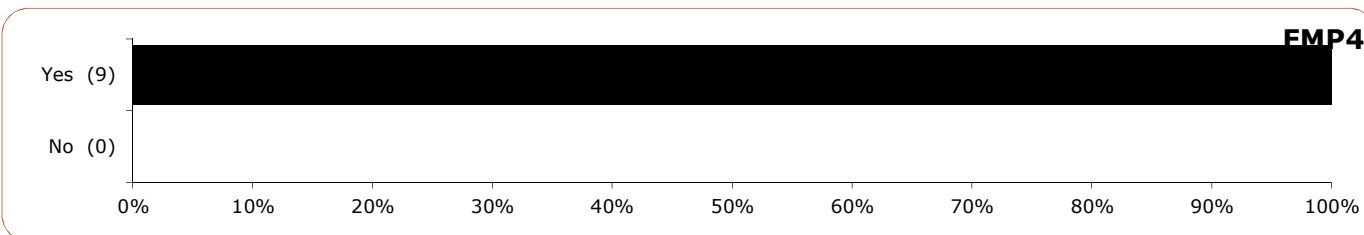
FMP5
The organisation can demonstrate that it has used at least two of the following to steam-line financial processes in the last 3 years; a) bar coding, b) invoice scanning/imaging, c) workflow, d) web technologies to build extranets with external stakeholders, e) intranet to build self service capabilities 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.

FMP5

Yes (8)	██████████████████
No (1)	██

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Page 49
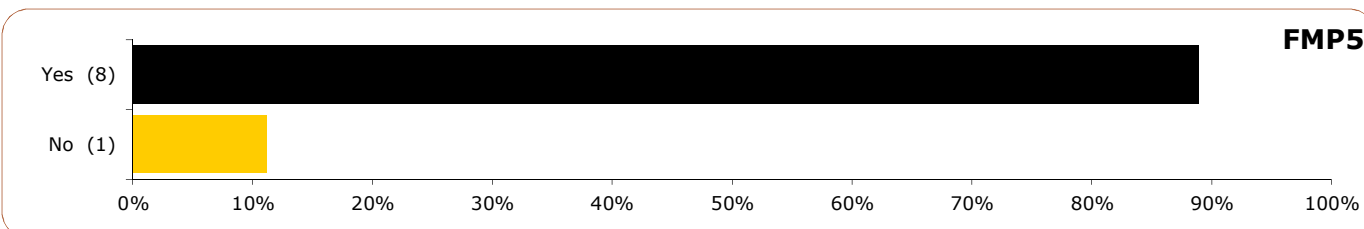
FMP6

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

FMP6

Yes (5)
No (4)

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
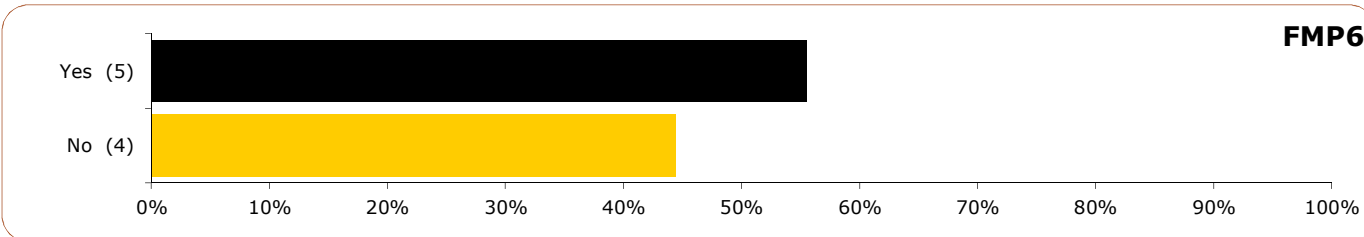
FMP7

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.

FMP7

Yes (7)
No (2)

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
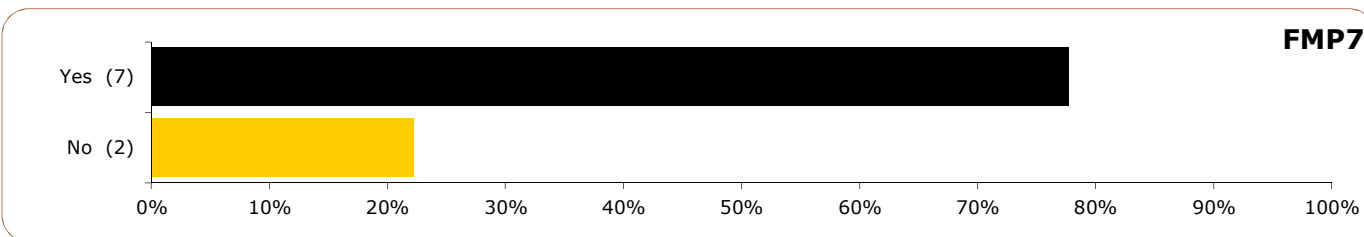
FMP8

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

FMP8

Yes (2)
No (7)

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
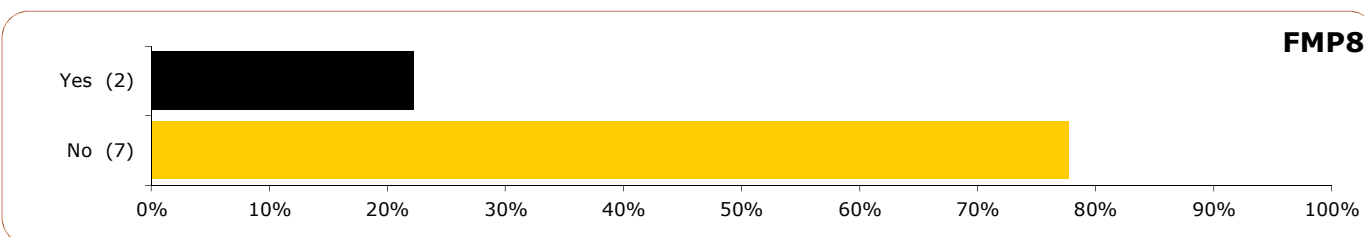
FMP9

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

FMP9

Yes (5)
No (4)

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
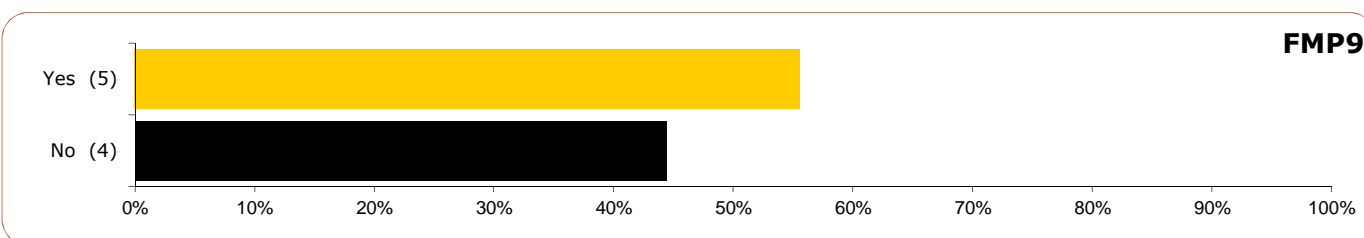
FMP10

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.

FMP10

Yes (8)
No (1)

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Page 50

Section 5 - TABULAR DATA

		City of London	Average	Lower Quartile	Median	Upper Quartile
Primary Indicators 2014/15						
FP1	Cost of the Finance function as a percentage of organisational running costs (expenditure)	1.4%	*1.0%*	0.7%	1.0%	1.1%
FP1(a)	Cost of transaction processing as a proportion of the finance function	33%	*28%*	21%	26%	33%
FP1(b)	Cost of business decision support as a proportion of the cost of the finance function	31%	*34%*	30%	33%	38%
FP1(c)	Cost of reporting and control as a proportion of the cost of the finance function	35%	*40%*	36%	39%	44%
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	*15*	7	15	24
FP3	% of variation between the forecast outturn and the actual outturn at month 12 (absolute values)	na	*2.5%*	1.1%	1.6%	2.4%
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	*66.2%*	60.0%	61.6%	67.8%
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)	25.7%	*35.5%*	26.4%	29.9%	40.5%
FS2(a)	Cycle time in days from date of year-end to submission of audited accounts	30	*73*	55	61	90
FS2(b)	Were the last set of accounts qualified by external audit?	No	Yes **0**	No 11	% Yes 0%	% No 100%
FS3	Cost of Customer Invoicing function per customer invoice processed	£27.14	*£17.46*	£12.21	£16.56	£23.33
FS4	Debtors days	39.0	*81.5*	51.5	74.7	109.4
FS5	Credit notes as % of total customer invoices raised	5.6%	*7.3%*	3.7%	5.5%	7.1%
FS6	Cost of Accounts Payable per accounts payable invoice processed	£12.10	*£4.50*	£2.61	£3.73	£5.54
FS7	Proportion of all payments made by electronic means	97.3%	*87.1%*	82.5%	89.0%	94.9%
FS8	Proportion of outstanding debt that is more than 90 days old from date of invoice	13.9%	*29.3%*	15.2%	21.1%	40.5%
FS9(a)	% invoices for commercial goods & services paid by the orgainsation within 10 days of receipt	83.0%	*78.0%*	69.1%	76.4%	87.1%
FS9(b)	% invoices for commercial goods & services paid by the orgainsation within 30 days of receipt or within the agreed payment terms	94.0%	*90.6%*	86.7%	93.3%	94.9%
FS10	Cost of Payroll Admin per employee paid	£51.81	*£57.66*	£32.31	£55.74	£77.52

Page 51

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CIPFA \ performance
in public services

Public Sector Corporate Services VfM Indicators

Legal Services

2014/15

City of London Corporation

compared with

With Other London Boroughs

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 email vfmindicators@cipfa.org if you would like to discuss this or any other matters further.

John Parsons
Benchmarking Manager

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.

Page 55

Section 1 - ECONOMY AND EFFICIENCY

LS1 Cost of the Legal Services function 2014/15

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
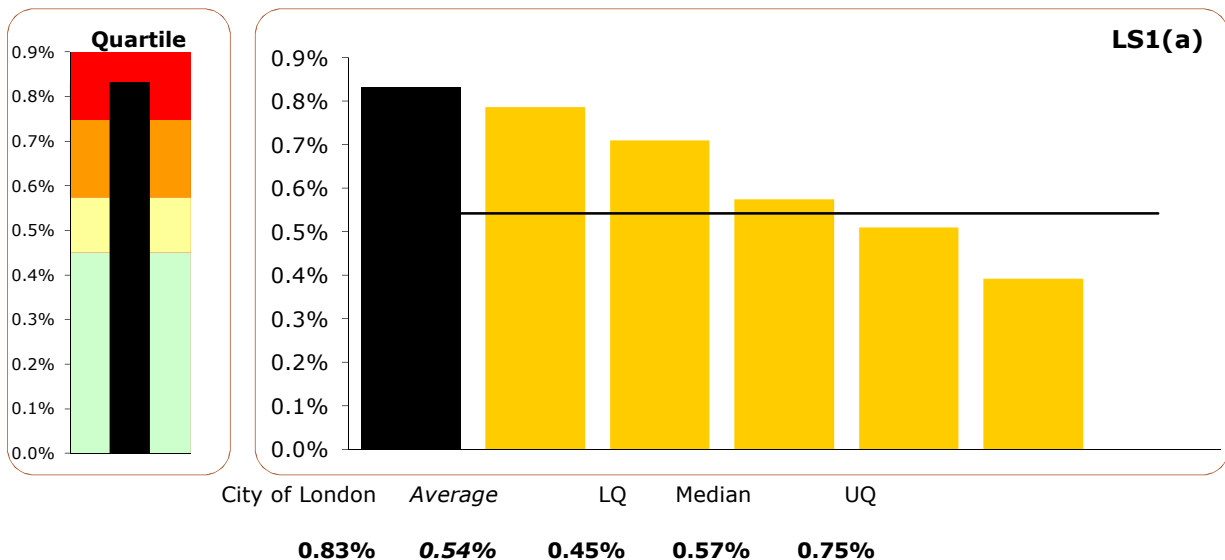
City of London	Average	LQ	Median	UQ
0.83%	0.54%	0.45%	0.57%	0.75%

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)	**£1,369**	From lower quartile (£'000)	**£2,025**

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.
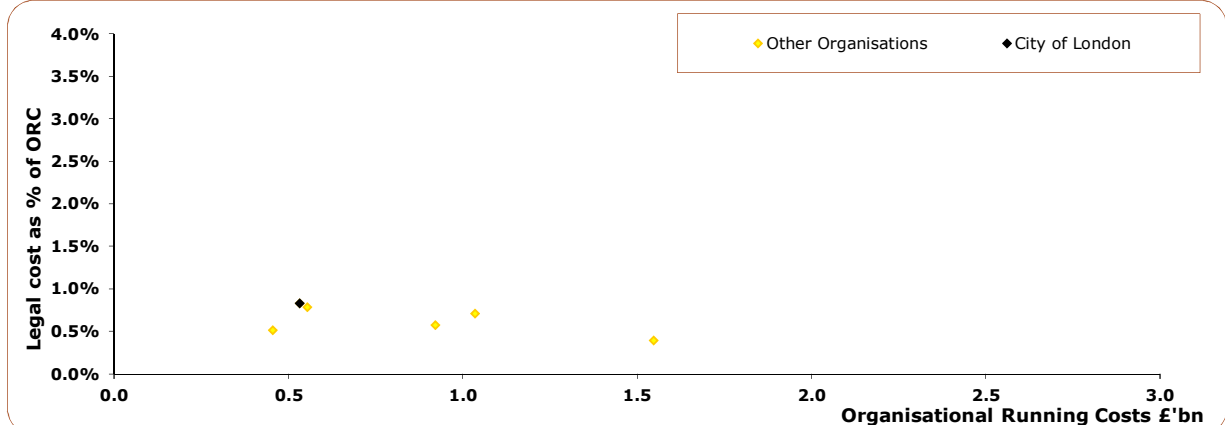
LS1(b) Cost of the Legal Services function net of income as percentage of organisational running costs
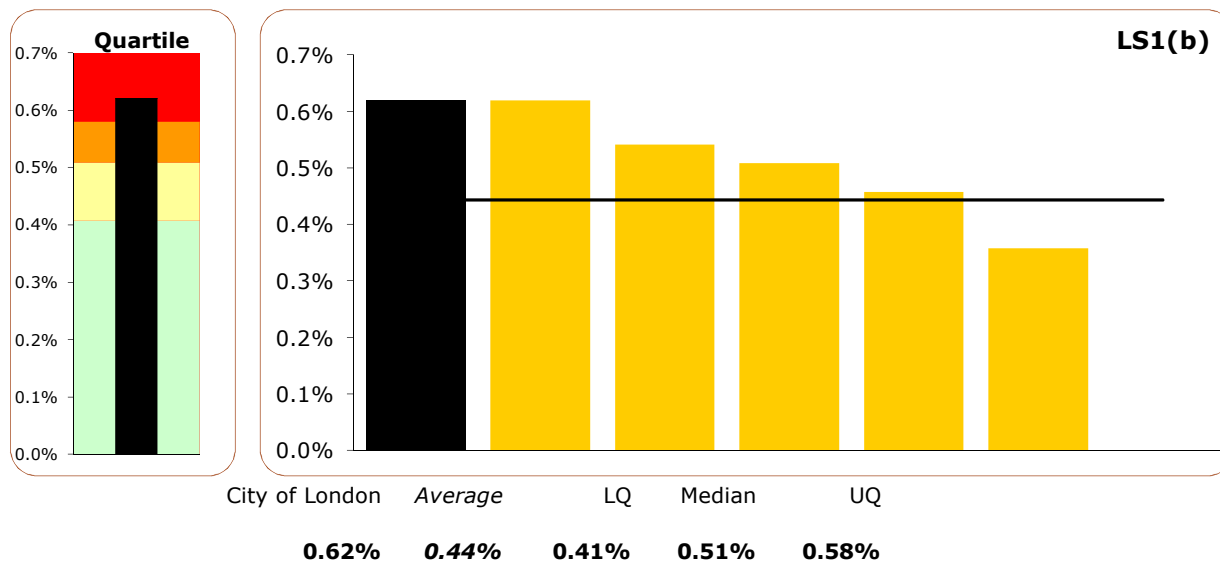
	City of London	Average	LQ	Median	UQ
	0.62%	**0.44%**	**0.41%**	**0.51%**	**0.58%**

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) **£596**   From lower quartile (£'000) **£1,136**

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.
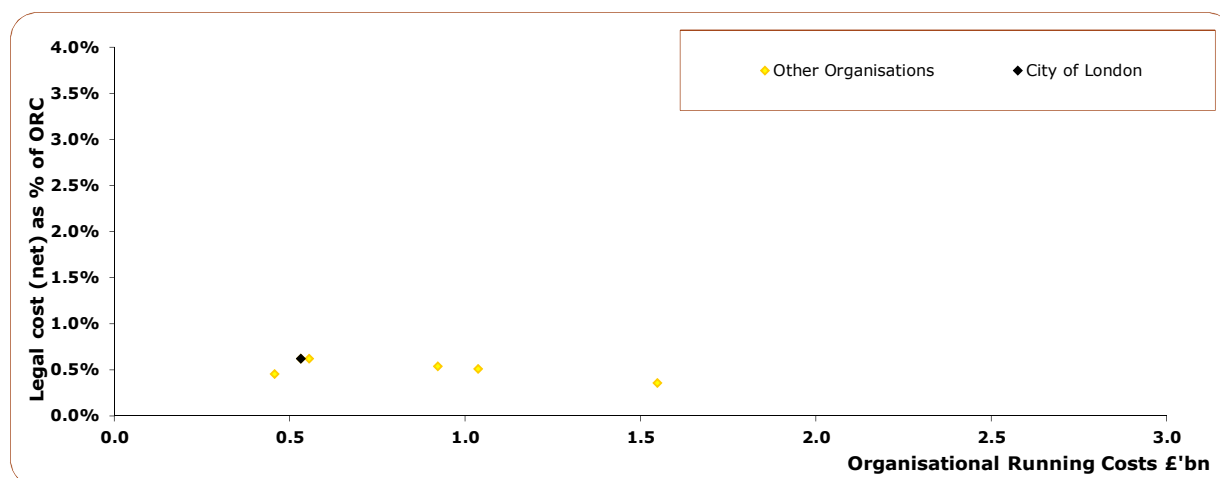
Legal Services Cost/£'000 Organisation running costs 2014/15

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		
	£5.93	*£3.97*	
	External legal services		
	£0.89	*£1.23*	
	IT costs		
	£0.30	*£0.22*	
Total gross cost	Accommodation		
£8.31 *£6.33*	£0.40	*£0.21*	
	Supplies / Consumables		
External income	£0.21	*£0.09*	
£2.11 *£1.16*			
	Library / Publications		
Total net cost	£0.14	*£0.07*	
£6.20 *£5.17*			
	Learning & development		
	£0.03	*£0.02*	
	Other costs		
	£0.41	*£0.52*	

Costs 2014/15 (£'000)	
Employee costs	3,155
External legal services	472
IT costs	160
Accommodation	214
Supplies / Consumables	110
Library / Publications	73
Learning & development	18
Other costs	216
Total gross cost	**4,418**
External income	**1,120**
Total net cost	**3,298**
Organisational running costs	**531,600**

Page 58

COST PER £'000 ORGANISATIONAL RUNNING COSTS

2014/15 Actuals

Total gross cost

Employee costs

IT costs

External legal services

Accommodation

Supplies / Consumables

Library / publications

Learning & development

Other costs

External income

Total net cost

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
89.3%	***79.2%***	**75.9%**	**76.9%**	**82.7%**
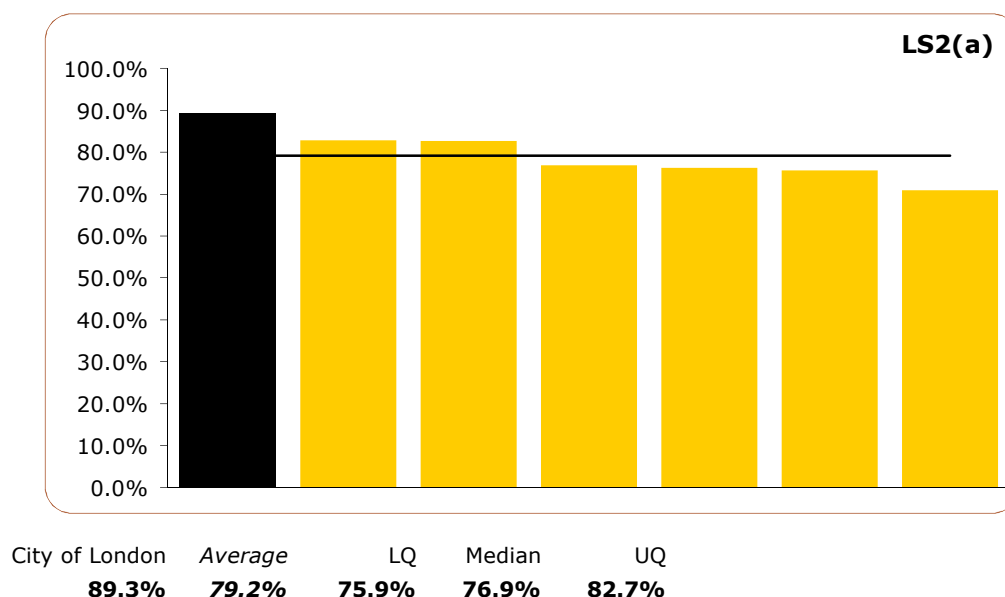
LS2(b) The cost of externally sourced legal work as a percentage of the total legal function cost

City of London	*Average*	LQ	Median	UQ
10.7%	***21.3%***	**17.3%**	**23.1%**	**24.1%**

Page 60
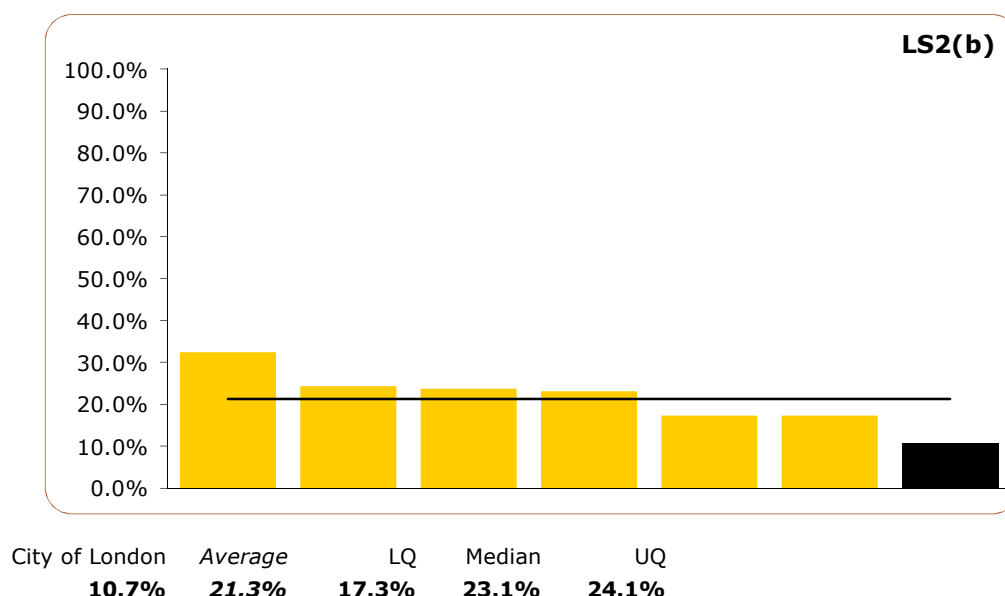
LS5 Cost of the legal function per employee

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.

	City of London	*Average*	LQ	Median	UQ
	£1,243	***£1,194***	**£588**	**£883**	**£1,243**
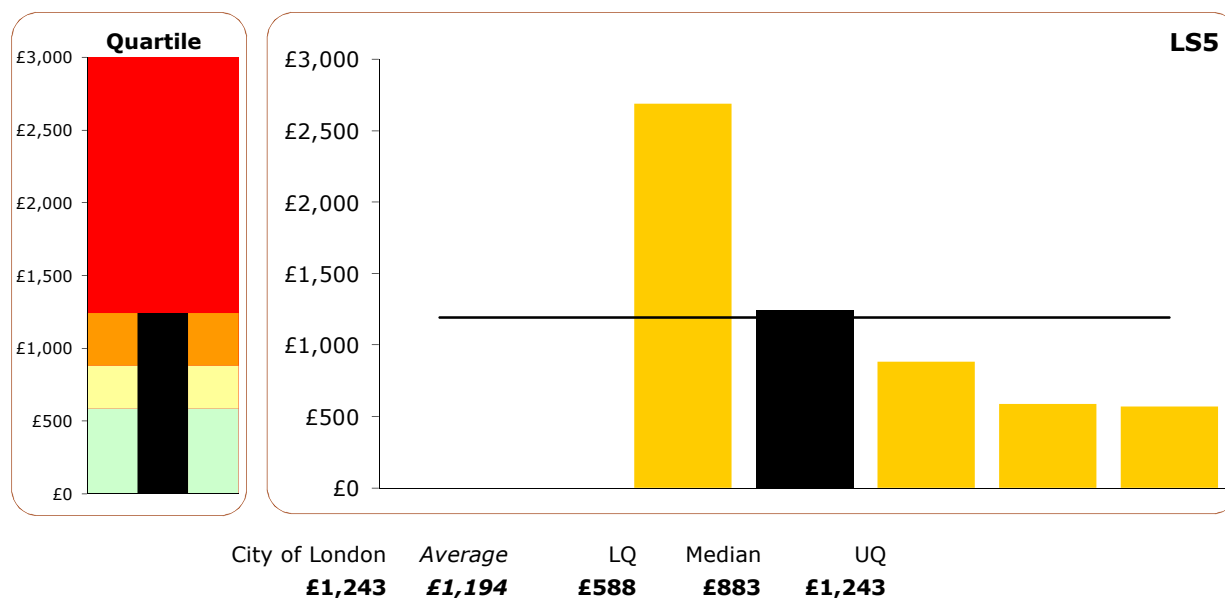
LS8 Cost per hour of providing legal work

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.

	City of London	*Average*	LQ	Median	UQ
	£94	***£71***	**£65**	**£70**	**£77**

Page 61
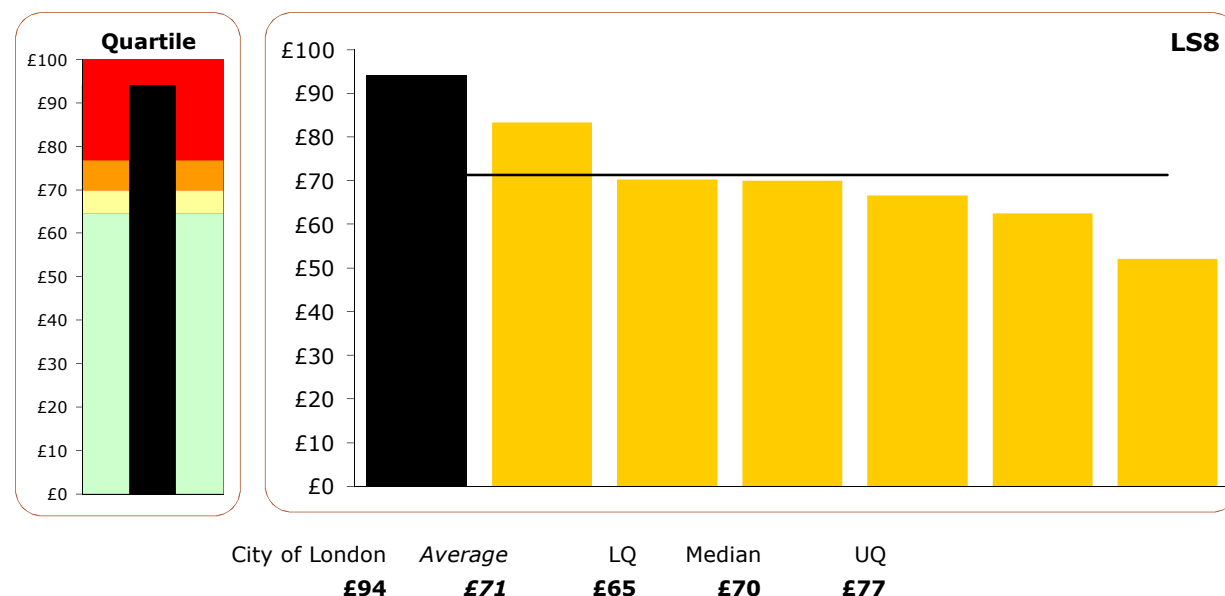
Section 2 - IMPACT

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.

City of London	Average	LQ	Median	UQ
0.6%	0.5%	0.4%	0.5%	0.7%
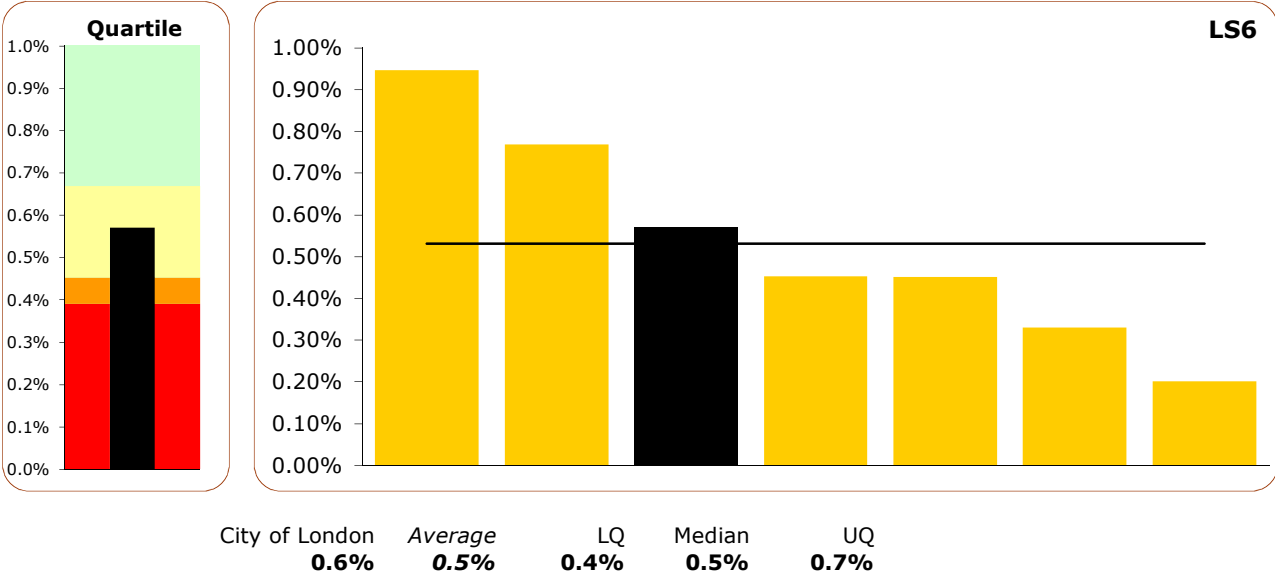
LS7 Total number of complaints received per legal employee

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.

City of London	Average	LQ	Median	UQ
0.03	0.07	0.03	0.06	0.11
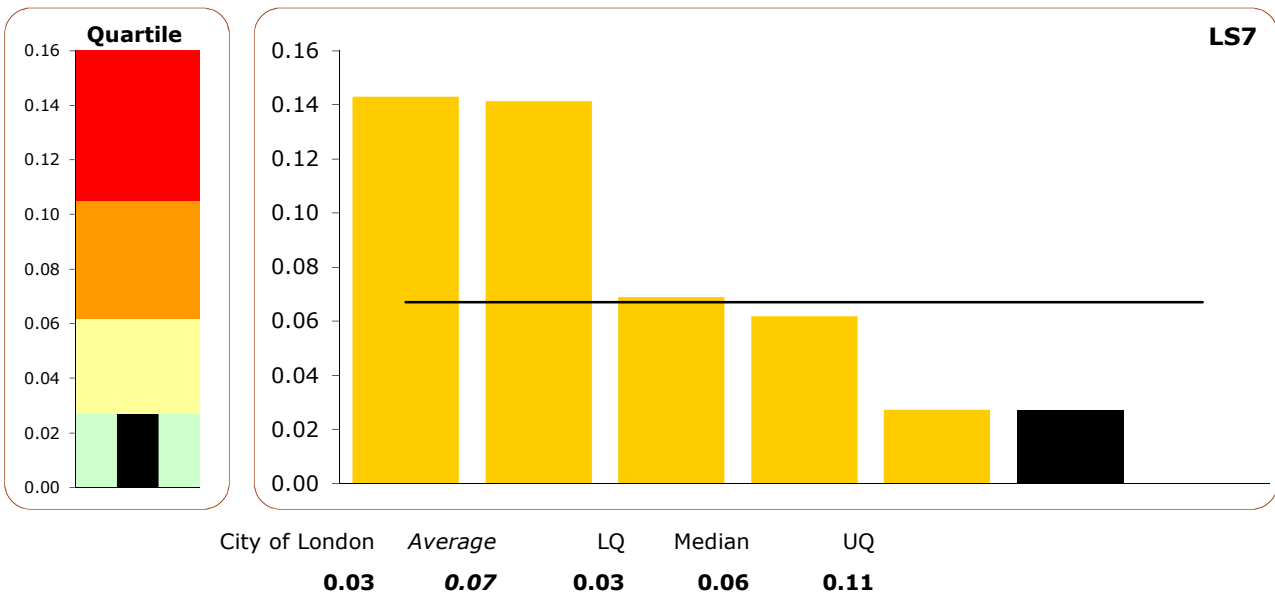
LS9 Ratio of qualified legal staff (FTE) to total legal staff (FTE)
Ratio of legal staff (FTE) to support staff (FTE)

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 indicator.

LS9(a) Ratio of qualified legal employees (FTE) to total legal employees (FTE)
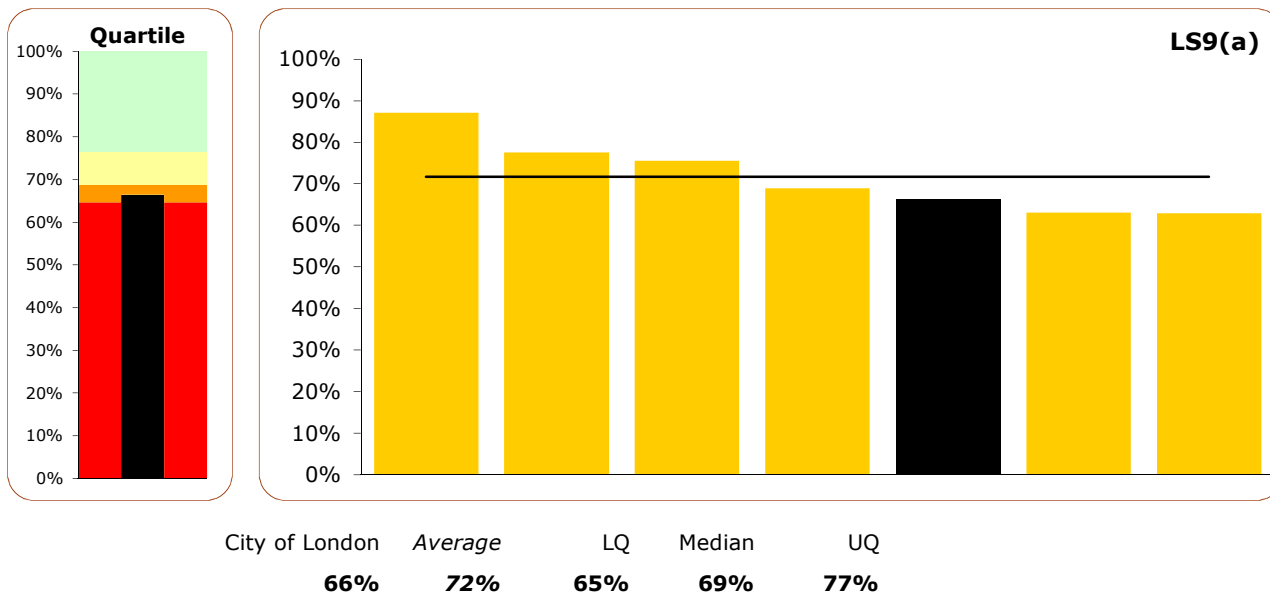
	City of London	Average	LQ	Median	UQ
	66%	72%	65%	69%	77%

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

	City of London	Average	LQ	Median	UQ
	2.4	6.7	3.4	4.5	7.9
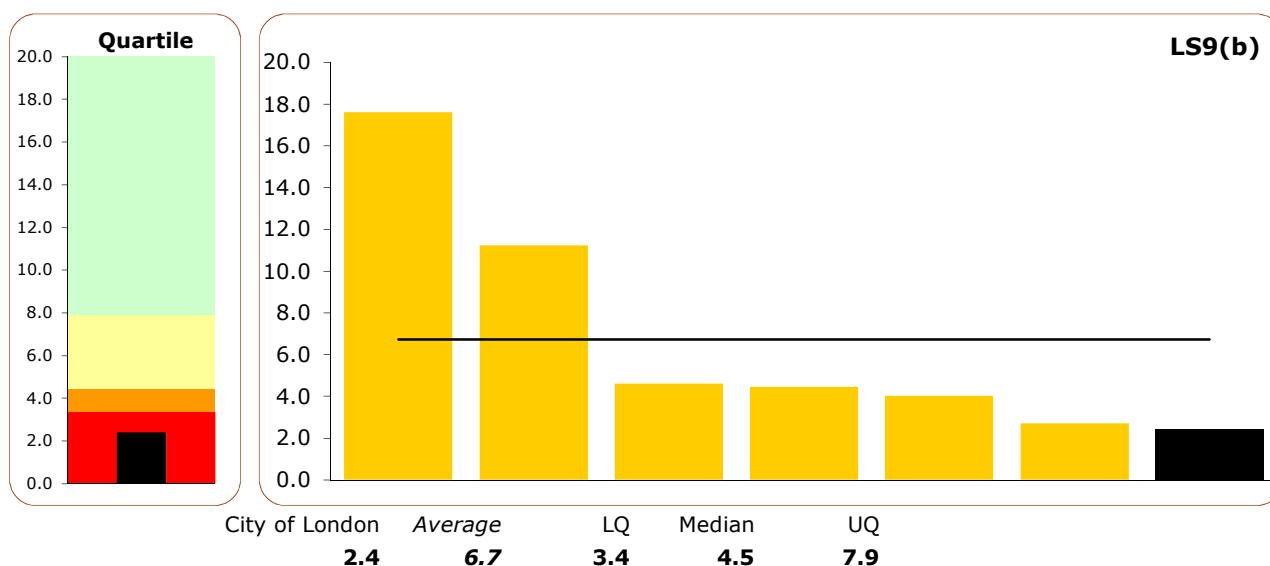
Section 3 - SATISFACTION

> **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
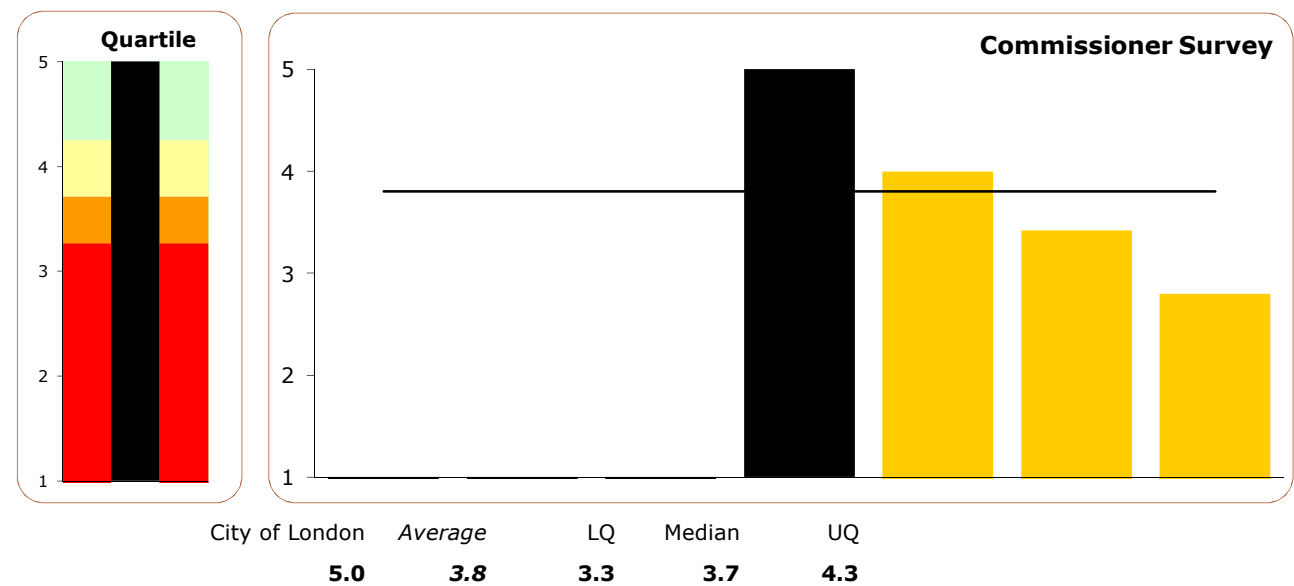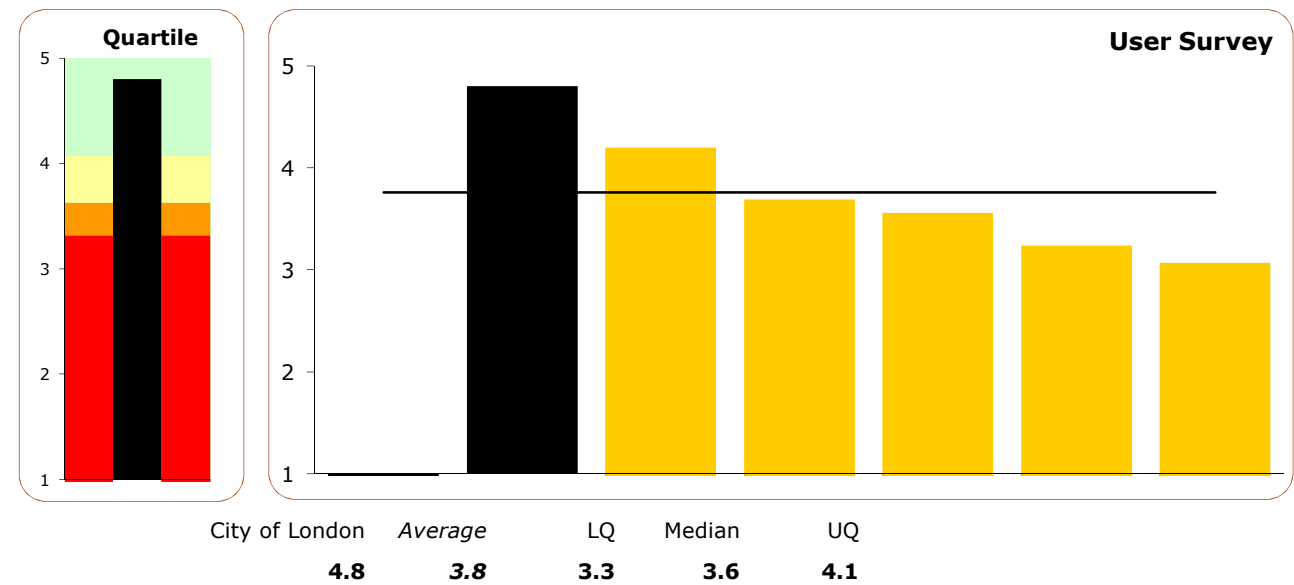
	City of London	Average	LQ	Median	UQ
	5.0	***3.8***	**3.3**	**3.7**	**4.3**

LS3(b) User satisfaction average score

	City of London	Average	LQ	Median	UQ
	4.8	***3.8***	**3.3**	**3.6**	**4.1**

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

Commissioner Survey chart — Score vs Survey Statement

Scores

5 Strongly Agree
4 Agree
3 Neither
2 Disagree
1 Strongly Disagree

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
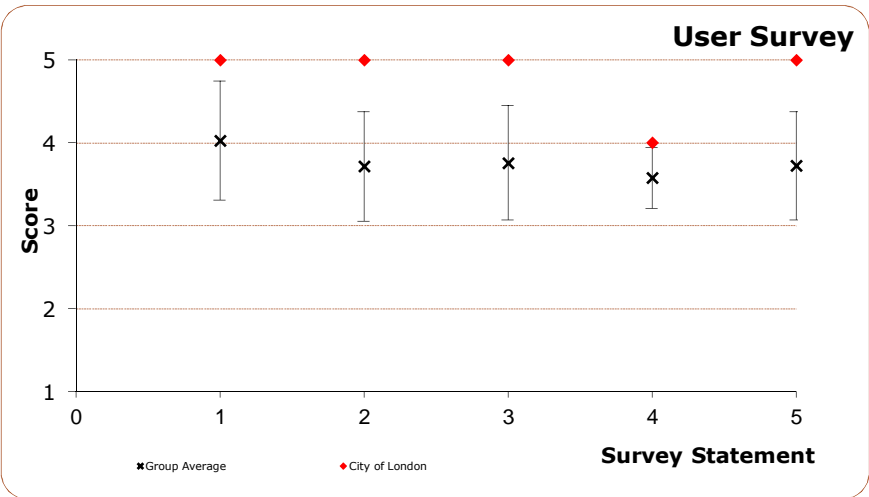
User Survey chart — Score vs Survey Statement

Scores

5 Strongly Agree
4 Agree
3 Neither
2 Disagree
1 Strongly Disagree

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

Page 65

Section 4 - MANAGEMENT PRACTICE INDICATORS

LS4 Management Practice Indicators

Management practice total score
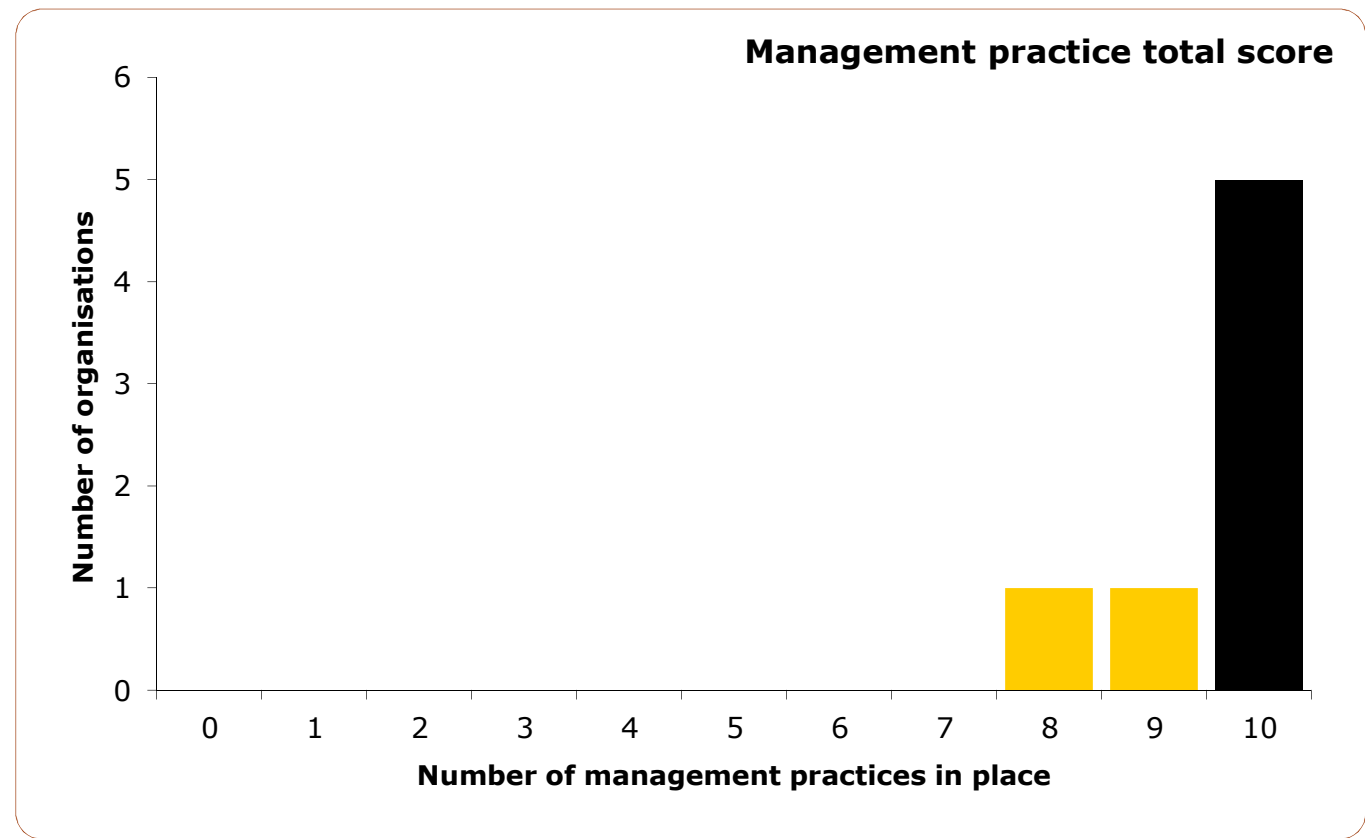
	City of London	*Average*	LQ	Median	UQ
	10.00	*9.57*	**9.50**	**10.00**	**10.00**

		Yes	No	% Yes	% No
LSMP1	**Yes**	**7**	**0**	**100.0%**	**0.0%**
LSMP2	Yes	6	1	85.7%	14.3%
LSMP3	**Yes**	**7**	**0**	**100.0%**	**0.0%**
LSMP4	Yes	7	0	100.0%	0.0%
LSMP5	**Yes**	**7**	**0**	**100.0%**	**0.0%**
LSMP6	Yes	7	0	100.0%	0.0%
LSMP7	**Yes**	**7**	**0**	**100.0%**	**0.0%**
LSMP8	Yes	6	1	85.7%	14.3%
LSMP9	**Yes**	**6**	**1**	**85.7%**	**14.3%**
LSMP10	Yes	7	0	100.0%	0.0%

Page 66

LSMP1
A time recording system is in place and all legal staff record their time against legal matters.

LSMP1

Yes (7)	████████████████████████████████████
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
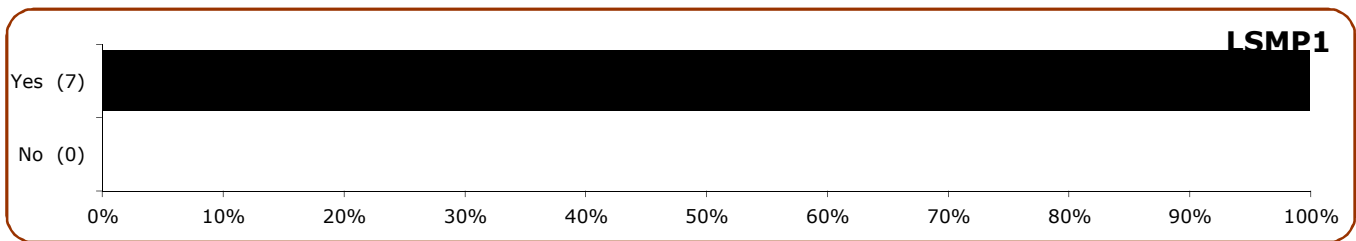
LSMP2
The most senior officer in the organisation with a dedicated legal role has a seat on the corporate management team.

LSMP2

Yes (6)	███████████████████████████████
No (1)	████

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
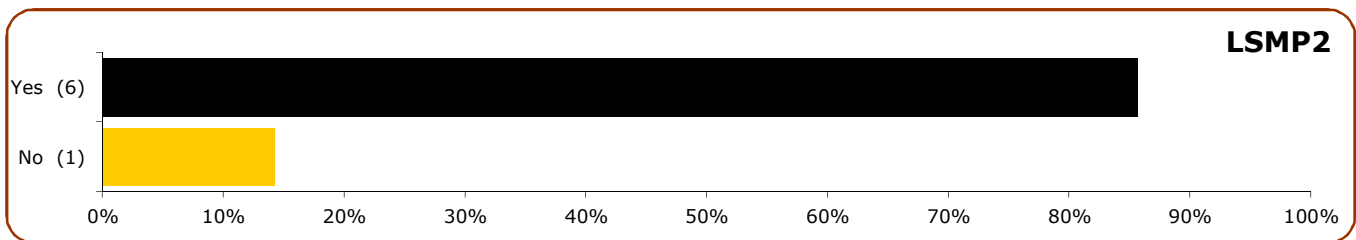
LSMP3
The legal unit has costed its internal legal services and developed charge-out rates for its internal lawyers.

LSMP3

Yes (7)	████████████████████████████████████
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
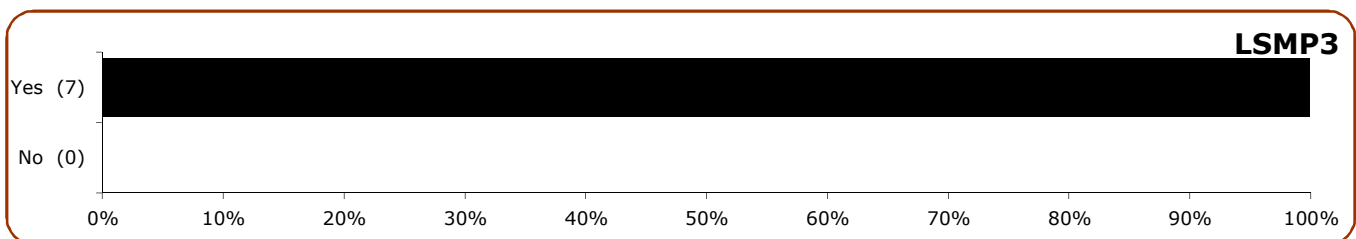
LSMP4
All requests for legal services are coordinated through the legal services unit.

LSMP4

Yes (7)	████████████████████████████████████
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
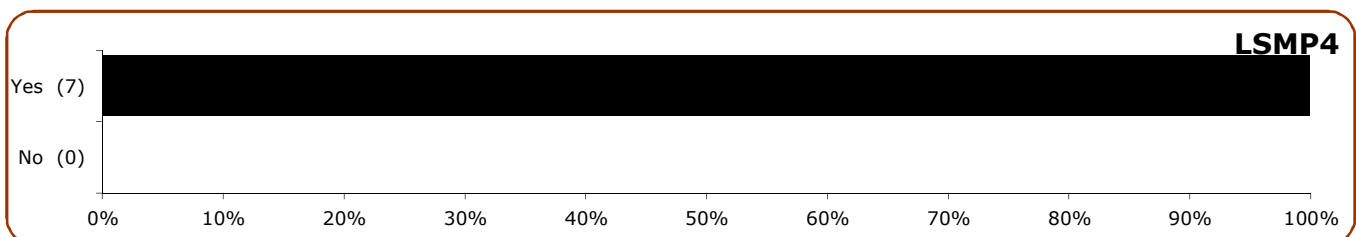
LSMP5
The legal unit has a formal business planning process which deals with its ability to deliver programmes and services.

LSMP5

Yes (7)	████████████████████████████████████
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Page 67
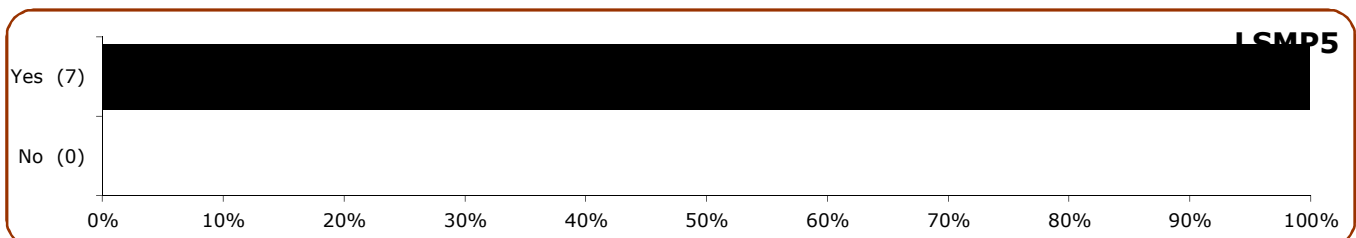
LSMP6
A rigorous process of market testing is adopted when purchasing external legal services involving comparative analysis of all relevant costs and benefits.
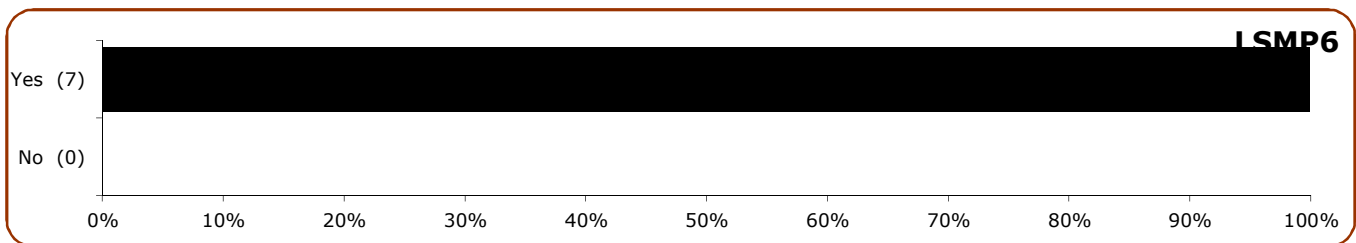
LSMP7
Our tender specification(s) accurately reflect the expected needs for legal services.
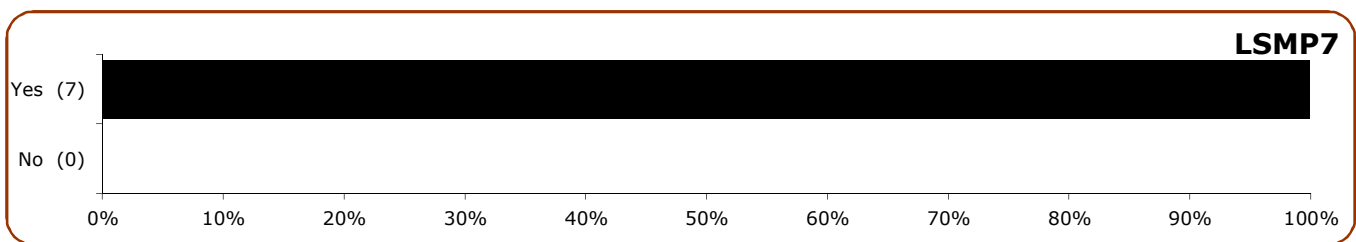
LSMP8
We do not have 'evergreen' contracts (contracts that have no expiry date or that include a 'perpetual option').
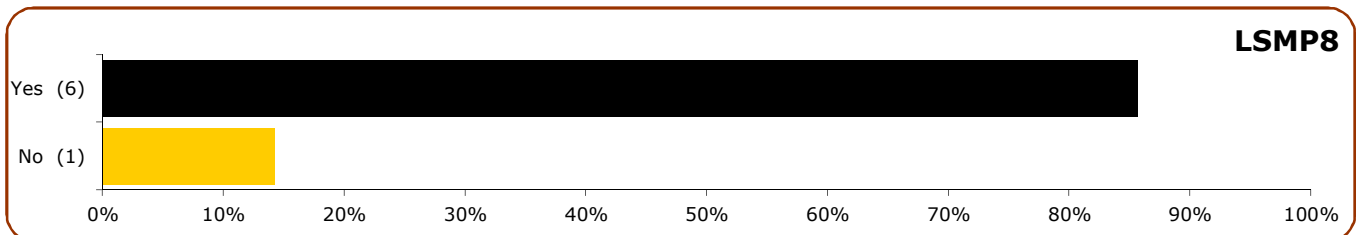
LSMP9
The legal unit undertakes periodic reviews (at least biennially) of their legal services arrangements to ensure that arrangements continue to give value for money to the organisation.
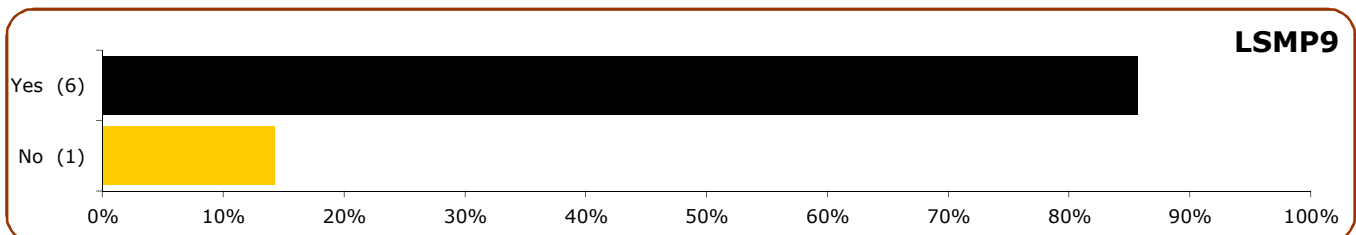
LSMP10
There are personal development plans for all legal staff linked to the business planning process and the organisation's objectives.
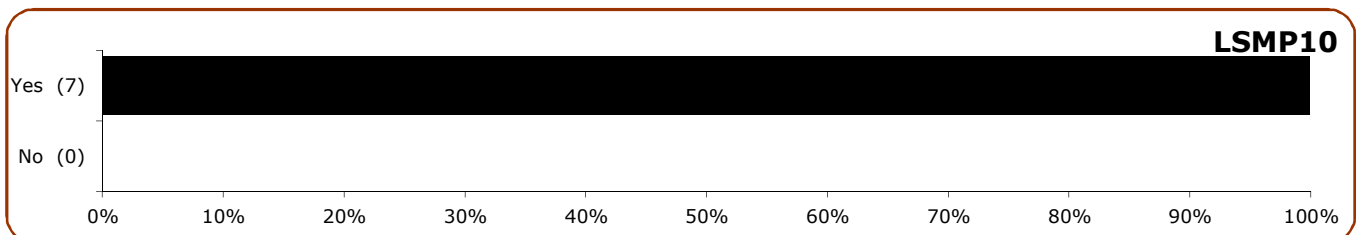
Section 5 - TABULAR DATA

		City of London	Average	Lower Quartile	Median	Upper Quartile
Indicators 2014/15						
LS1(a)	Cost of the Legal Services function as a % organisational running costs	**0.83%**	**0.54%**	**0.45%**	**0.57%**	**0.75%**
LS1(b)	Cost of the Legal Services function (net) as a % organisational running costs	**0.62%**	**0.44%**	**0.41%**	**0.51%**	**0.58%**
LS2(a)	Cost of the in-house Legal Services function as a % total legal function cost	**89.3%**	**79.2%**	**75.9%**	**76.9%**	**82.7%**
LS2(b)	Cost of externally sourced legal work as a % total legal function cost	**10.7%**	**21.3%**	**17.3%**	**23.1%**	**24.1%**
LS5	Cost of the legal function per 1,000 employees	**£1,243**	**£1,194**	**£588**	**£883**	**£1,243**
LS6	Cost of learning & development activity as % the total pay-bill	**0.6%**	**0.5%**	**0.4%**	**0.5%**	**0.7%**
LS7	Number of complaints received per legal employee	**0.03**	**0.07**	**0.03**	**0.06**	**0.11**
LS8	Cost per chargeable hour	**£94**	**£71**	**£65**	**£70**	**£77**
LS9(a)	Ratio of qualified legal employees (FTE) to total legal employees (FTE)	**66%**	**72%**	**65%**	**69%**	**77%**
LS9(b)	Ratio of legal staff (FTE) to support staff (FTE)	**2.4**	**6.7**	**3.4**	**4.5**	**7.9**

Page 69

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Public Sector Corporate Services VfM Indicators

Human Resources

2014/15

City of London Corporation

compared with

Other London Boroughs

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 contact us at vfmindicators@cipa.org if you would like to discuss this or any other matters further.

John Parsons
Benchmarking Manager.

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:

Economy and efficiency Including L&D

HRP1(ai) HRP1(b) HRP2

Impact on organisation

HRP3 HRP4 HRP5

Satisfaction HRP6

Commissioner User

Modern practices

HRP7

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.

Page 73

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)
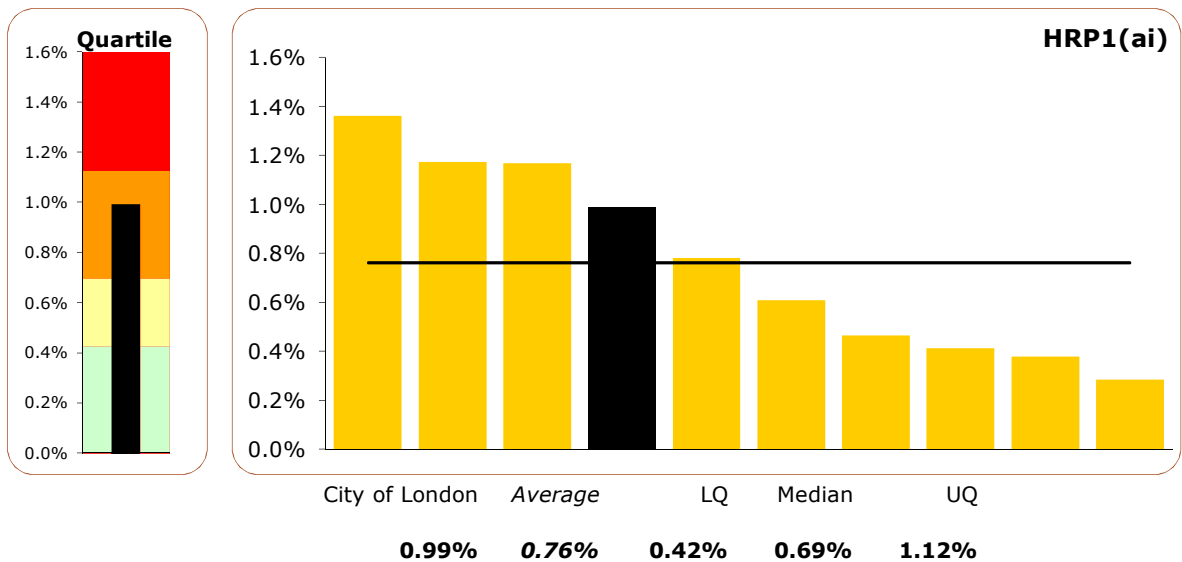
	City of London	*Average*	LQ	Median	UQ
	0.99%	***0.76%***	**0.42%**	**0.69%**	**1.12%**

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)	**£993**	From lower quartile (£'000)	**£1,898**

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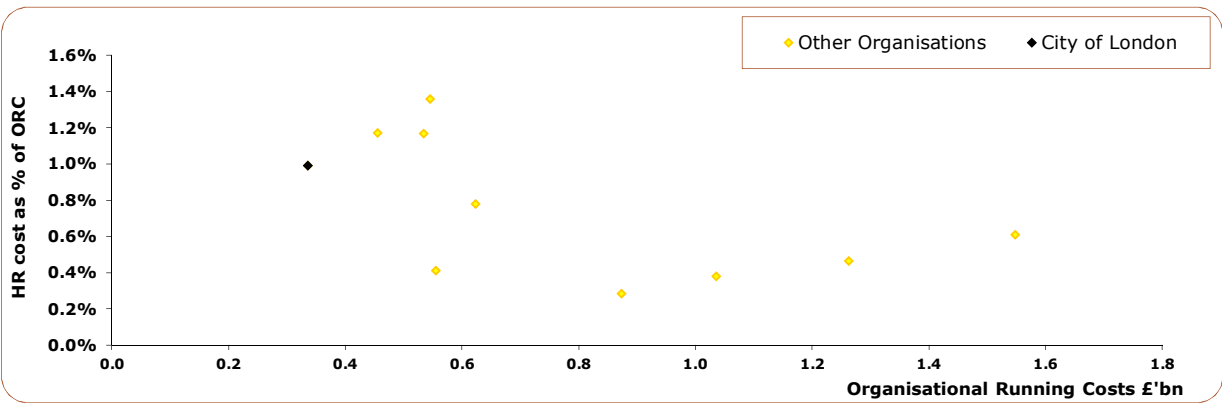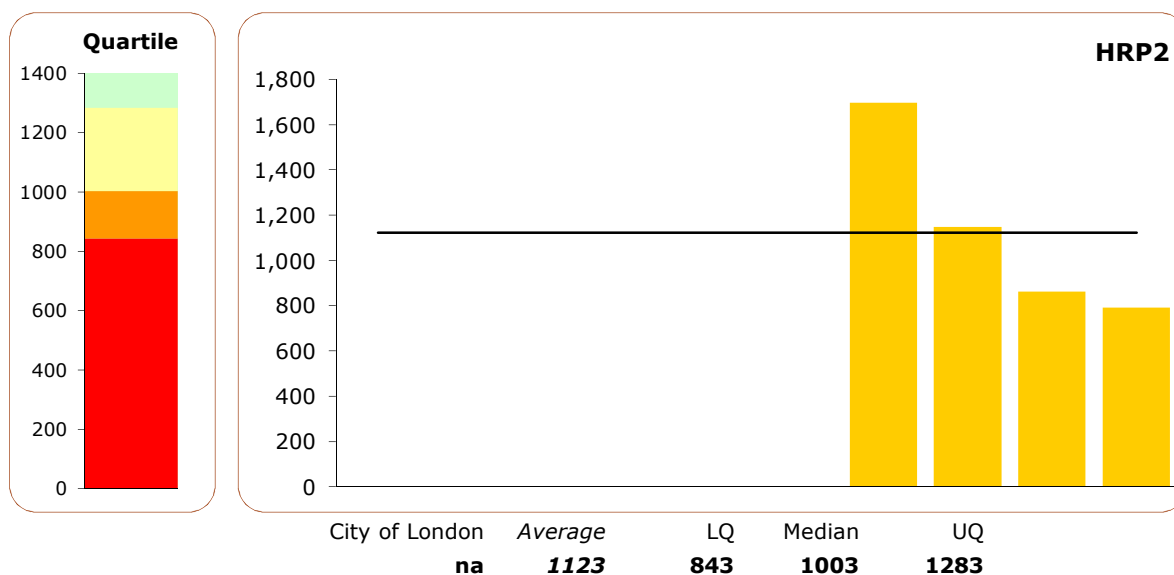
HRP1(b) HR Cost per FTE (including L&D)

Quartile

HRP1(b) including L&D

City of London	*Average*	LQ	Median	UQ
£1,087	***£896***	**£579**	**£865**	**£1,054**
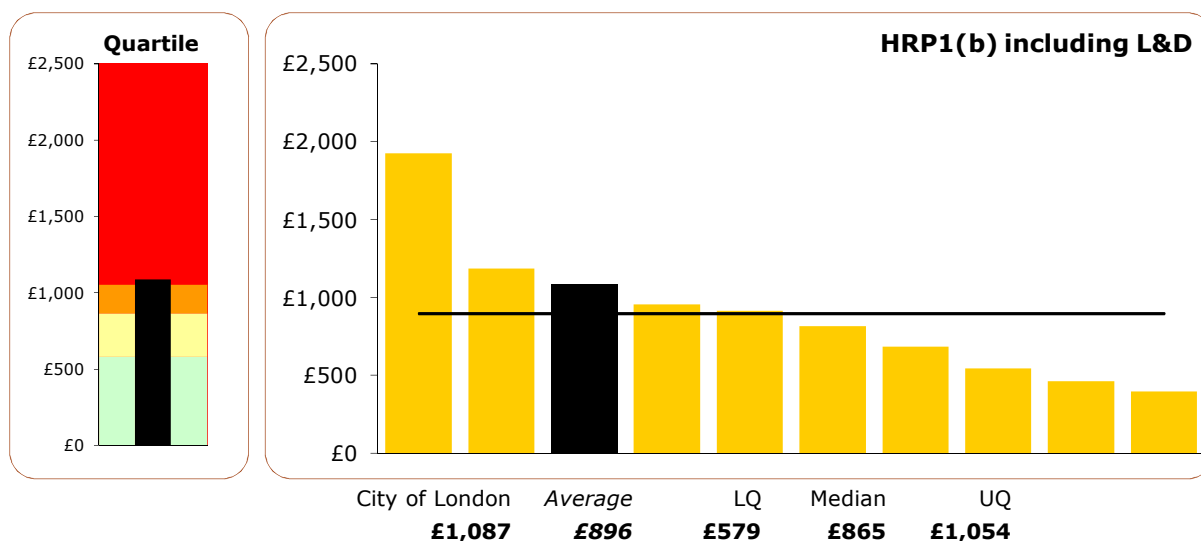
HRP2 Ratio of employees to HR staff (including L&D)

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).

Quartile

HRP2

City of London	*Average*	LQ	Median	UQ
na	***141***	**126**	**135**	**150**

Page 75

HRP2 Ratio of employees to L&D staff

Quartile

HRP2

	City of London	Average	LQ	Median	UQ
	na	1123	843	1003	1283
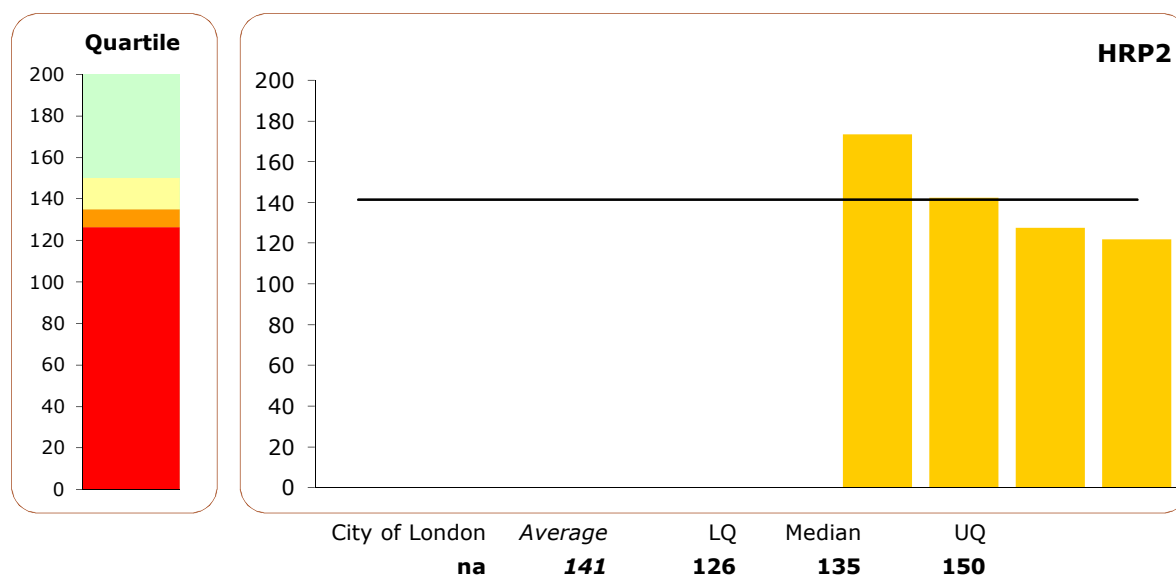
HR Cost/£'000 Organisation running costs (including L&D) 2014/15

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

Staff
£9.40 *£5.01*

IT
£0.00 *£0.28*

Accommodation
£0.00 *£0.11*

Total Cost
£9.90 *£7.61*

Supplies/ Consumables
£0.00 *£0.30*

Outsourcing
£0.00 *£0.06*

Other Recruitment
£0.00 *£0.10*

Learning and Development (HRS1)
£0.51 *£2.06*

Other
£0.00 *£1.14*

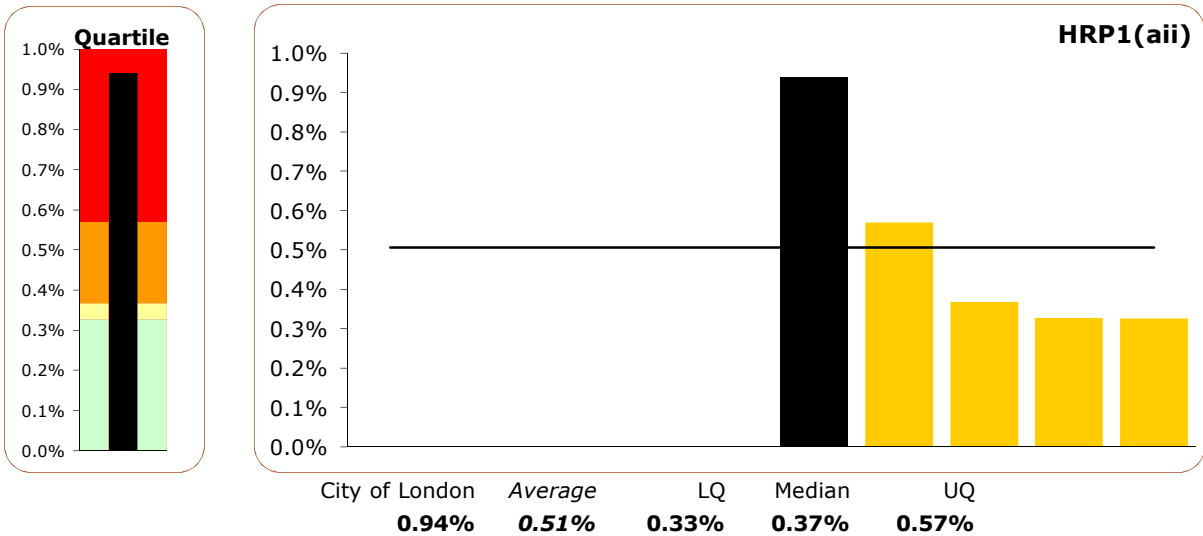| Costs 2014/15 (£'000)	
Staff	3,153
IT	-
Accommodation	-
Supplies/ Consumables	-
Outsourcing	-
Recruitment	-
L&D	170
Other	-
Total	3,323
Org. running costs	335,600
FTE	53.8

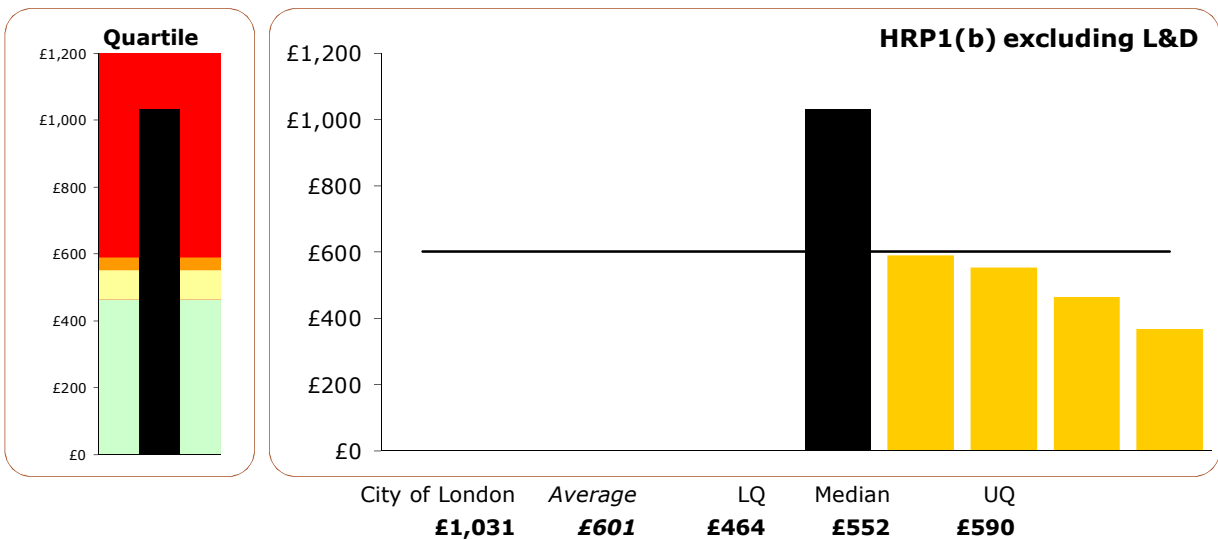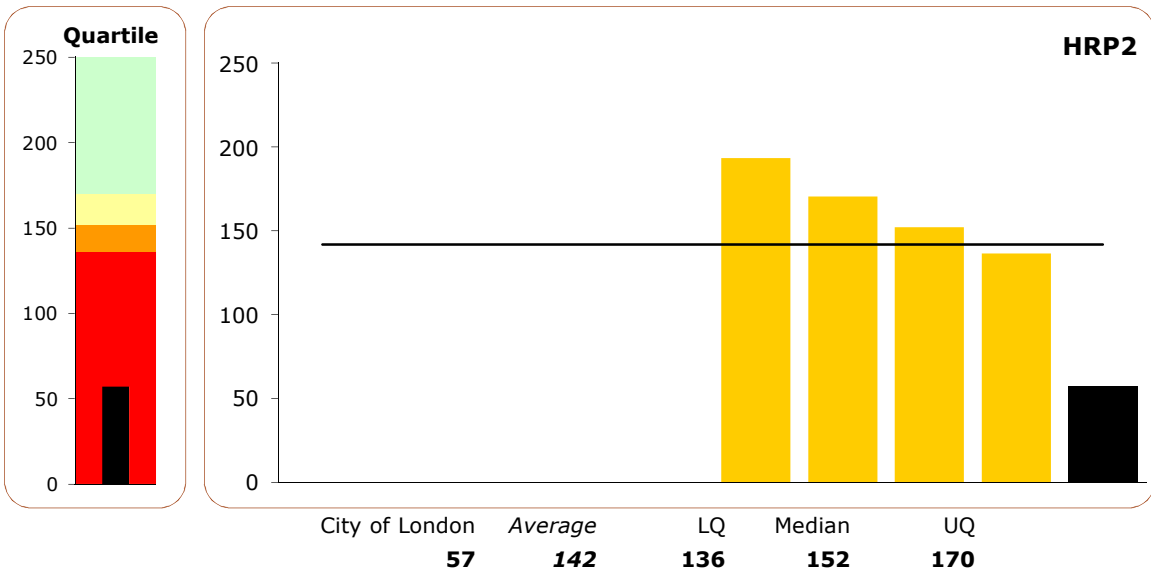# HR COST PER £'000 ORGANISATIONAL RUNNING COSTS (INCLUDING L&D)

2014/15 Actuals

Page 77
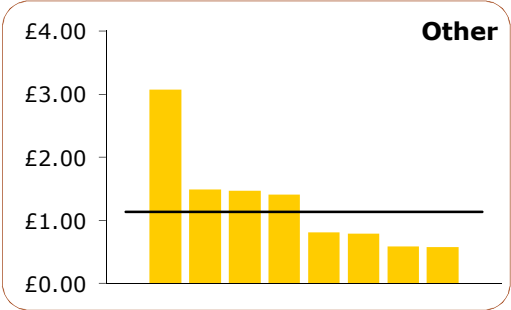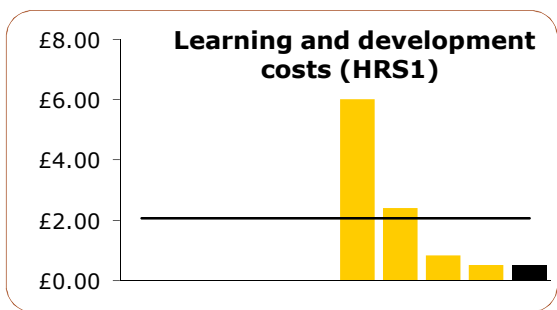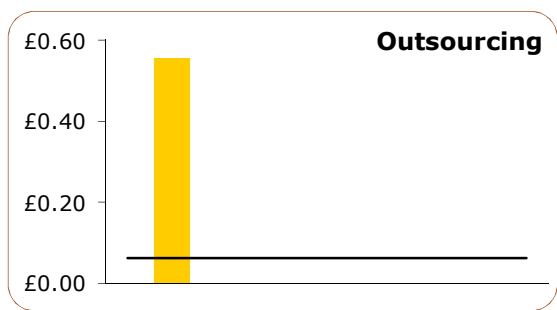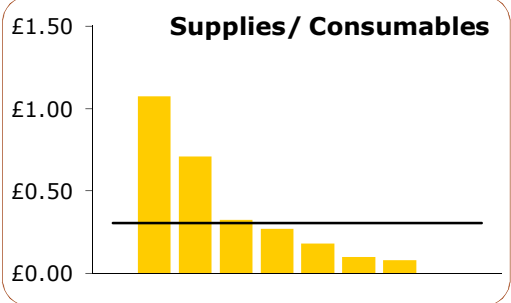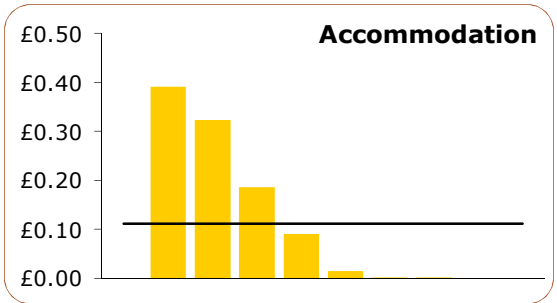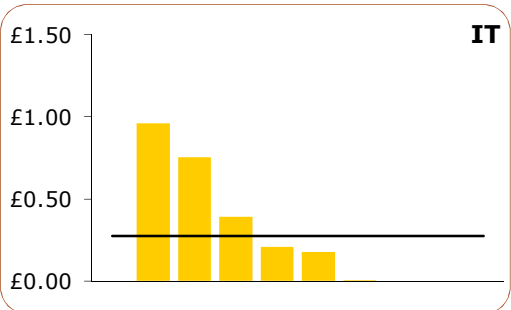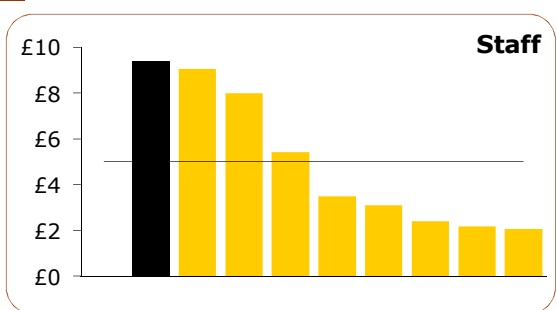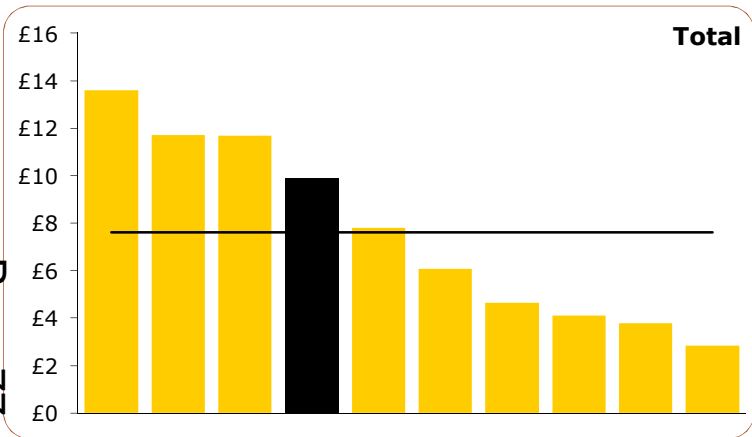
HRP1(aii) HR Cost as a percentage of organisational running costs (excluding L&D)

|	City of London	Average	LQ	Median	UQ
	0.94%	0.51%	0.33%	0.37%	0.57%

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

	City of London	Average	LQ	Median	UQ
	£1,031	£601	£464	£552	£590

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

|	City of London	Average	LQ	Median	UQ
	57	142	136	152	170

Page 78

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.

	City of London	Average	LQ	Median	UQ
	14.9%	**8.3%**	**5.6%**	**7.6%**	**11.4%**
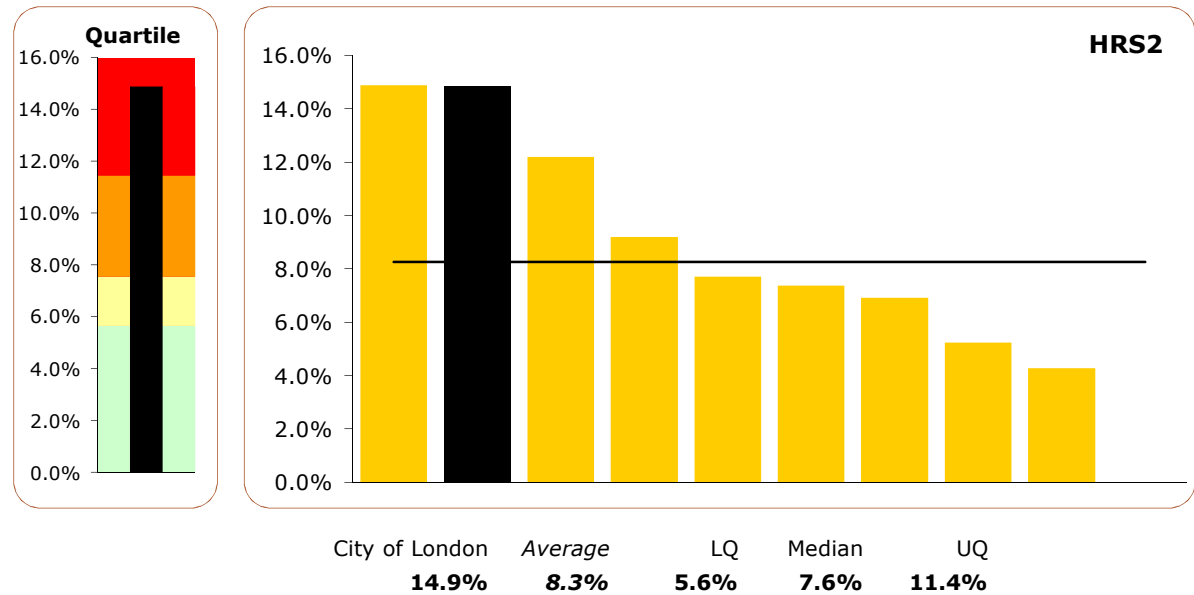
## HRS5 Cost of recruitment per post filled

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.

|	City of London	Average	LQ	Median	UQ
	na	**£1,336**	**£611**	**£1,284**	**£1,990**
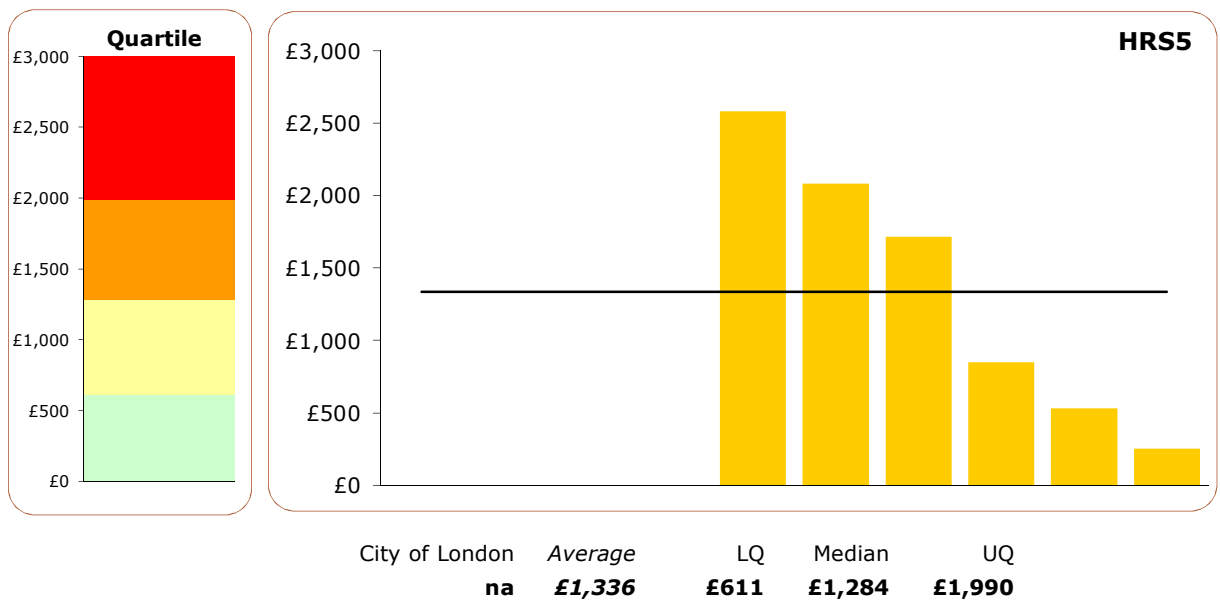
Section 2 - IMPACT

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).


	City of London	Average	LQ	Median	UQ
	1.5	1.2	0.6	1.2	1.5
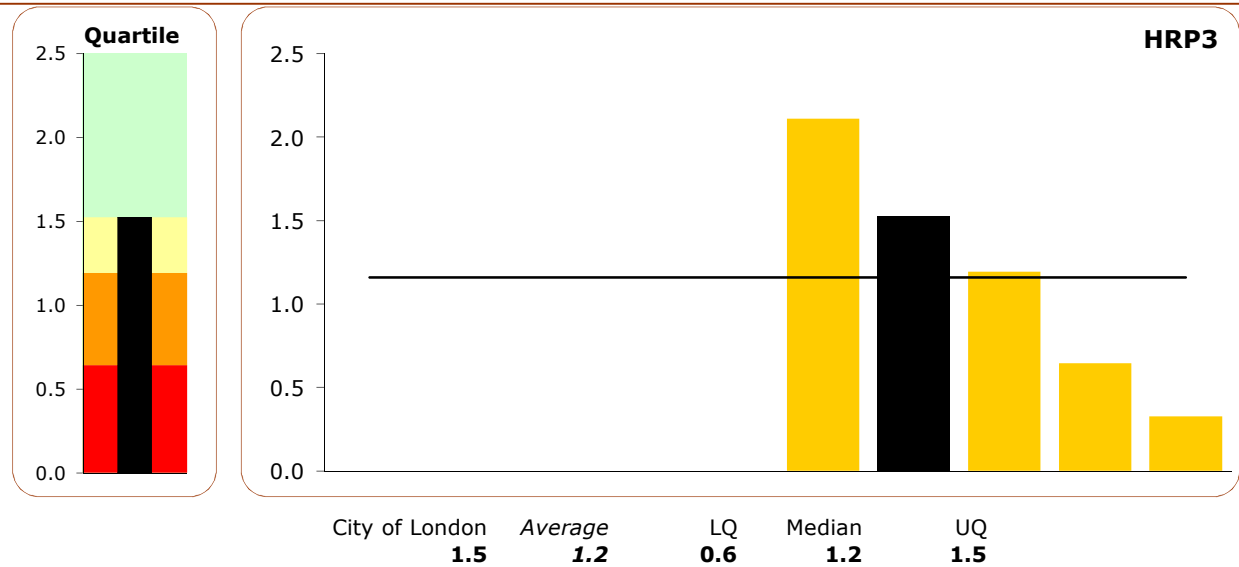
HRP4 Leavers in the last year as a percentage of the average total

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.

	City of London	Average	LQ	Median	UQ
	13.7%	8.7%	5.0%	8.4%	12.0%

Page 80
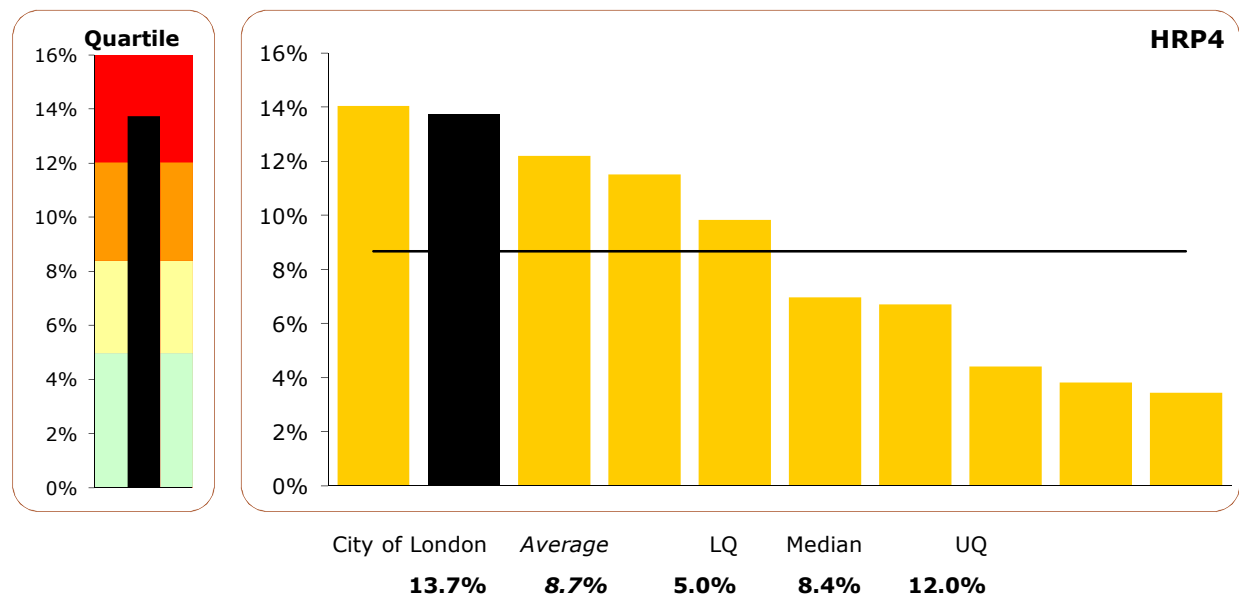
HRP5 Average working days per employee (full time equivalent) per year lost through sickness absence

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.
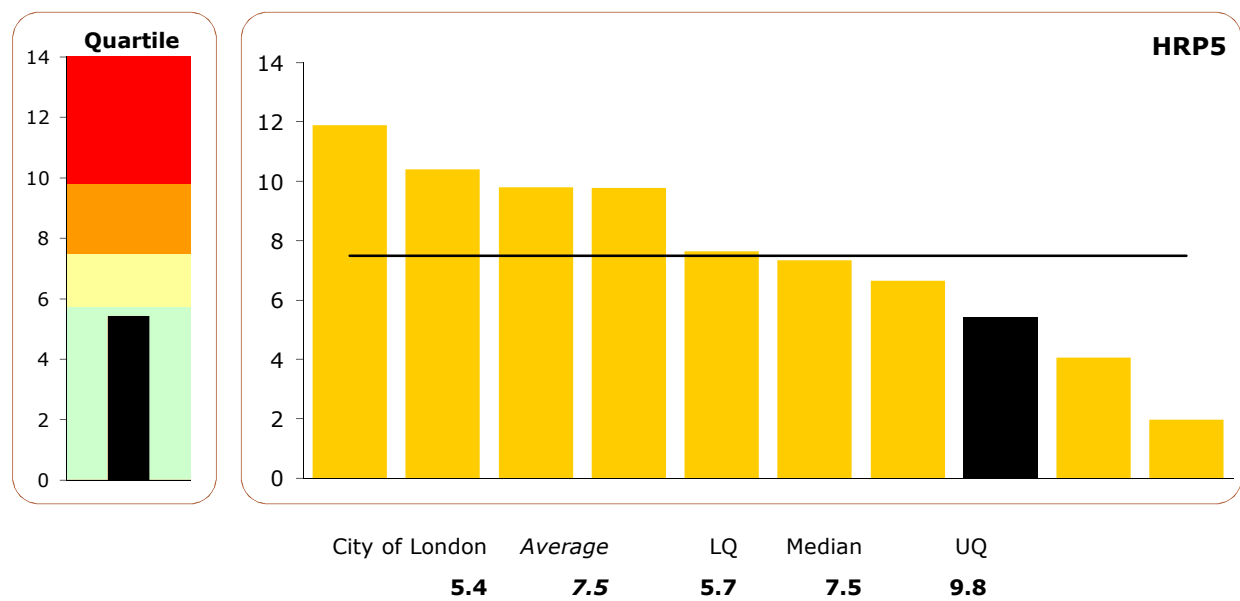

City of London	Average	LQ	Median	UQ
5.4	**7.5**	**5.7**	**7.5**	**9.8**

Secondary Indicators

HRS1 Cost of learning and development activity as percentage of the total pay-bill
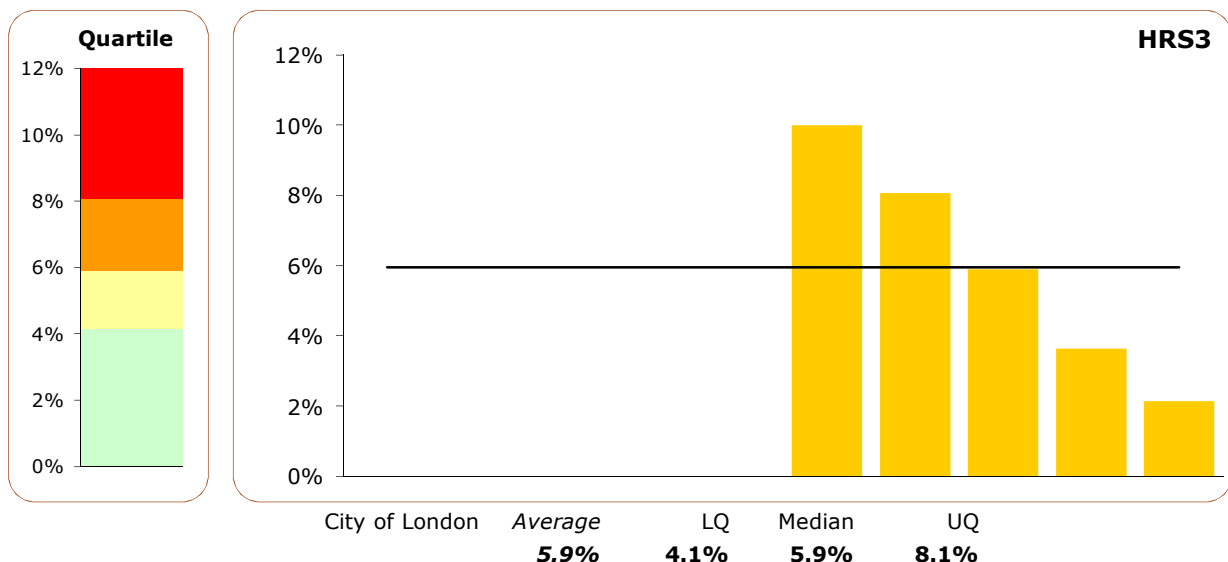
Rationale and expected impact on behaviour
The level of expenditure on learning and development indicates the organisation's commitment to enhancing its capacity to deliver and improve.This complements primary indicator 3 (average days invested in learning and development per employee). In both cases 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.

City of London	Average	LQ	Median	UQ
0.3%	0.7%	0.3%	0.5%	1.0%
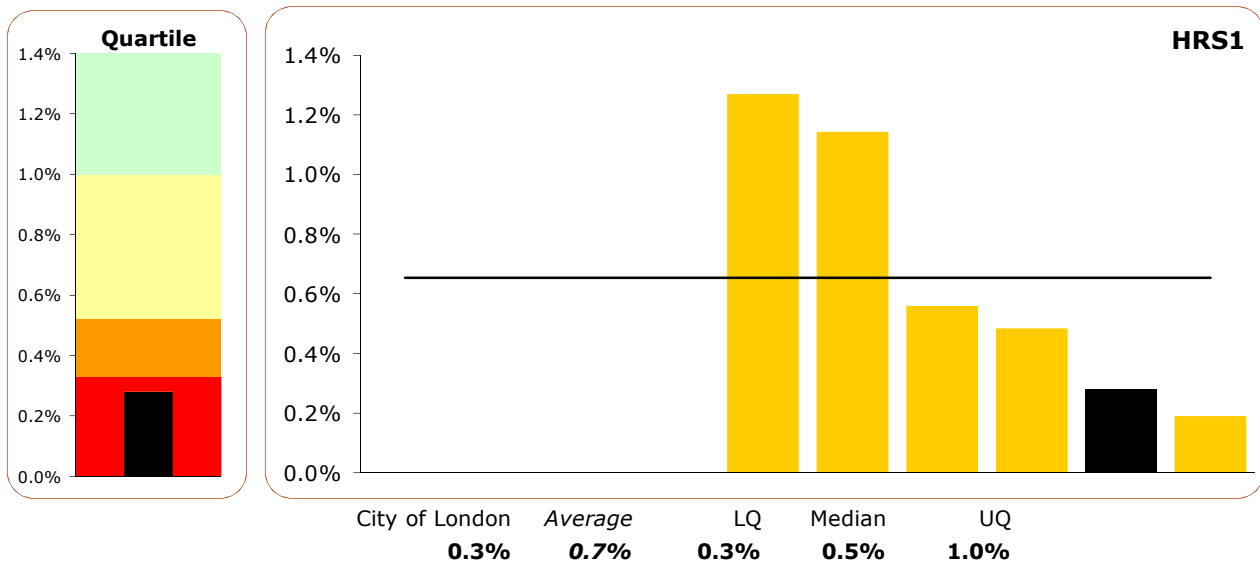
HRS3 Percentage of posts currently in the leadership of the organisation which are filled by people who are not permanent in that position

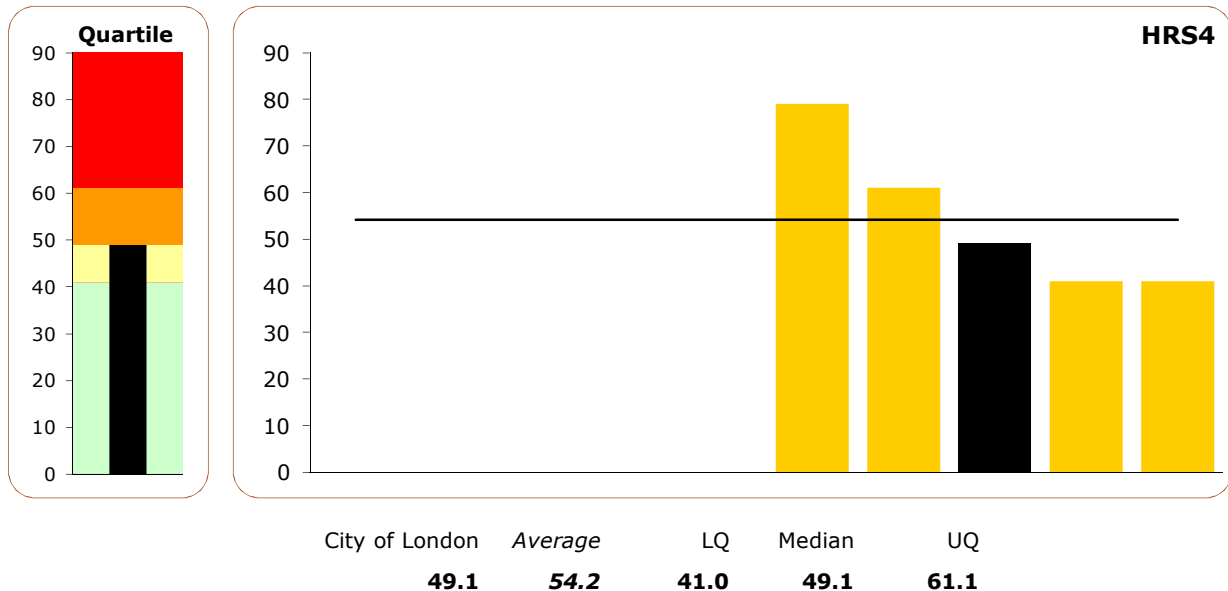**Rationale and expected impact on behaviour**
The degree of stability of the leadership of an organisation is a critical feature in terms of organisational performance and culture. Organisations performing at a sub-optimal level tend to have a significant proportion of non-permanent staff in leadership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

City of London	Average	LQ	Median	UQ
	5.9%	4.1%	5.9%	8.1%

Page 82

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

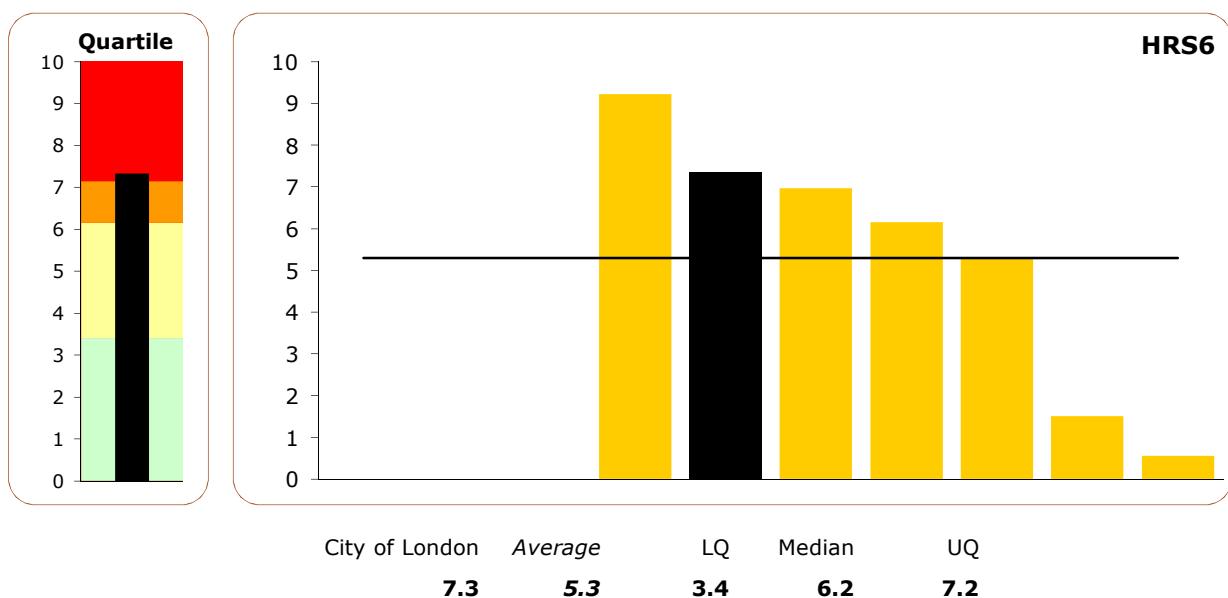**Rationale and expected impact on behaviour**
This is an indicator of efficiency for a key HR process – recruitment to fill vacant posts. Organisations should generally aim to reduce the number of working days needed to fill vacant posts.This indicator complements secondary indicator 5.

	City of London	Average	LQ	Median	UQ
	49.1	**54.2**	**41.0**	**49.1**	**61.1**

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.

	City of London	Average	LQ	Median	UQ
	7.3	**5.3**	**3.4**	**6.2**	**7.2**

Page 83

HRS7 Percentage of people that are still in post after 12 months
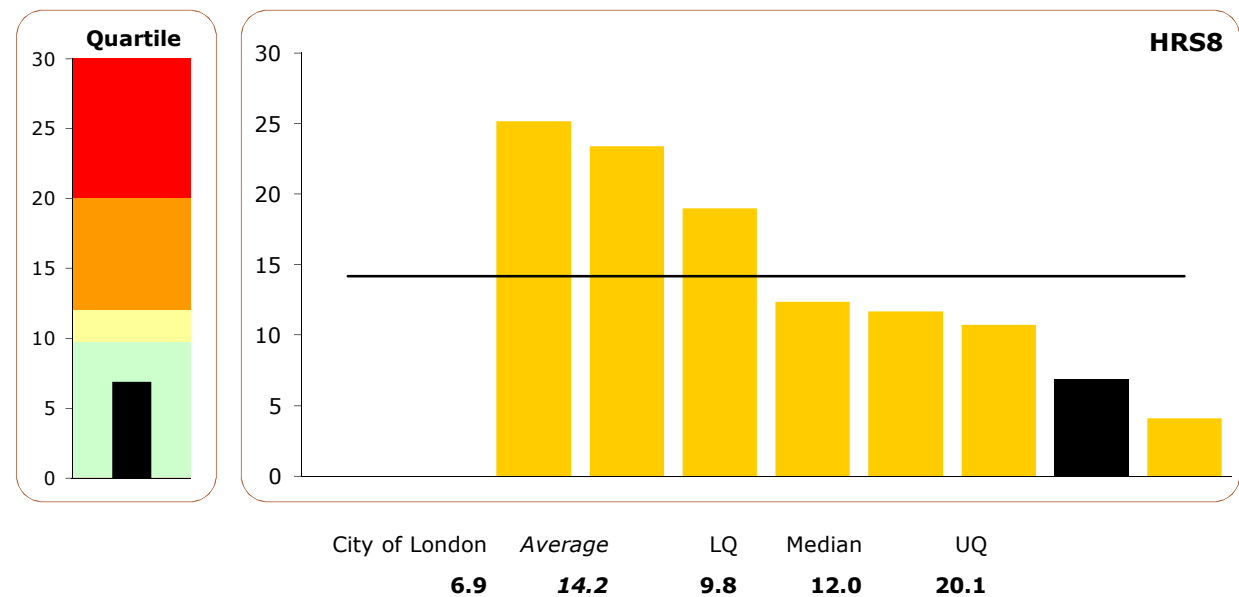
Rationale and expected impact on behaviour
The level of turnover in the first year is an indicator of the effectiveness of the organisation's recruitment and induction processes. This is closely linked to primary indicator 4 (leavers as a proportion of total staff). Organisations would expect to achieve a period-on-period increase in the number of people still in post after 12 months.

	City of London	Average	LQ	Median	UQ
	74%	80%	74%	81%	89%

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.

	City of London	Average	LQ	Median	UQ
	6.9	14.2	9.8	12.0	20.1

Page 84

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

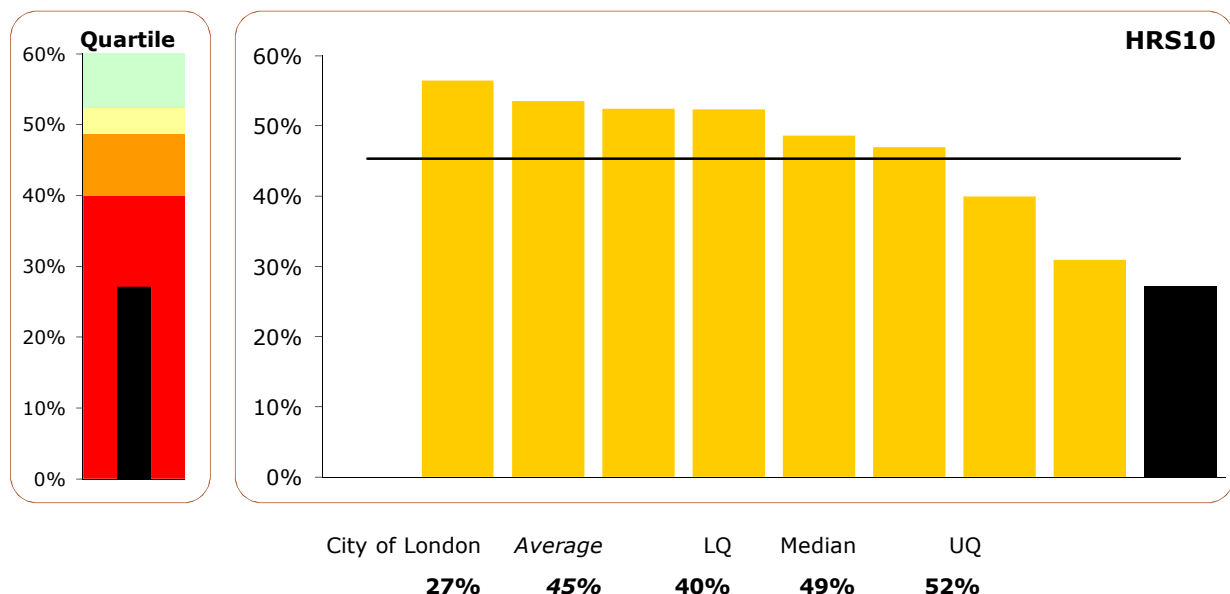**Rationale and expected impact on behaviour**
To measure the coverage of individual performance management processes across the organisation. Organisations should aim to move towards achieving 100 per cent for this indicator (particularly in respect of their permanent staff).


City of London	*Average*	LQ	Median	UQ
94%	72%	54%	76%	93%
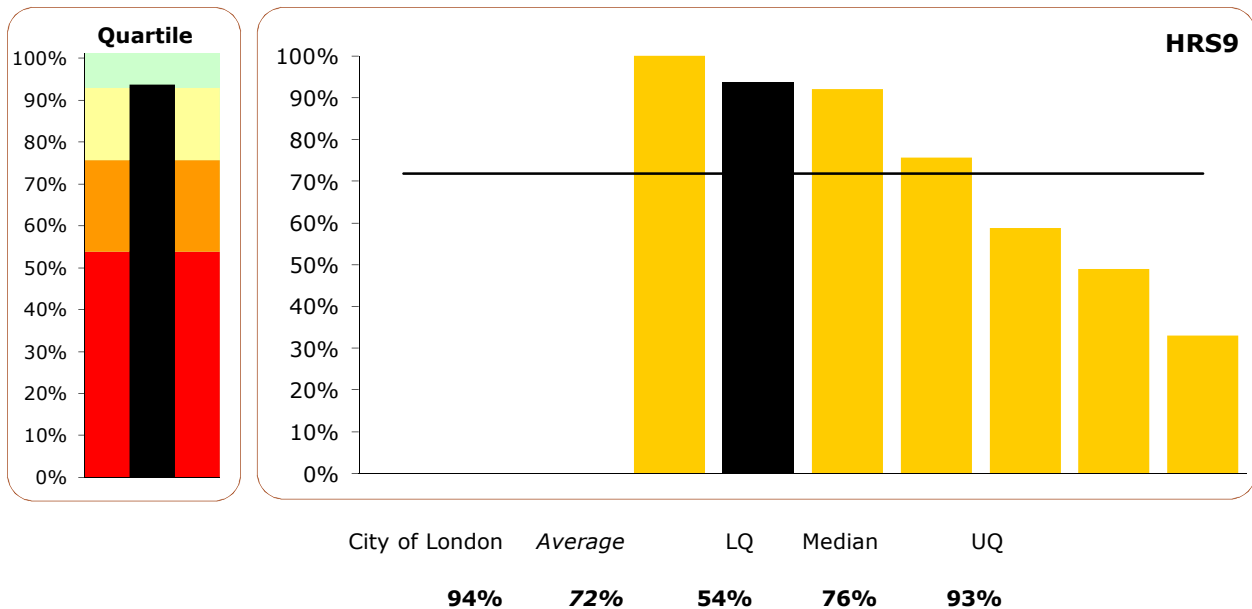
HRS10 Percentage of leadership posts occupied by women

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.


City of London	*Average*	LQ	Median	UQ
27%	45%	40%	49%	52%

Page 85

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.
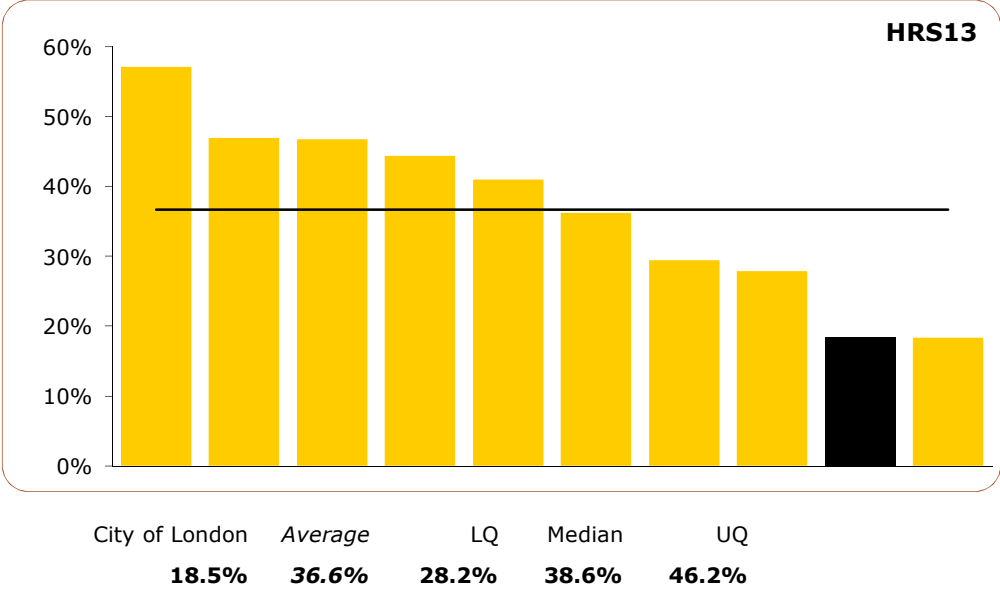

	City of London	Average	LQ	Median	UQ
	3.9%	4.4%	3.2%	3.9%	6.1%
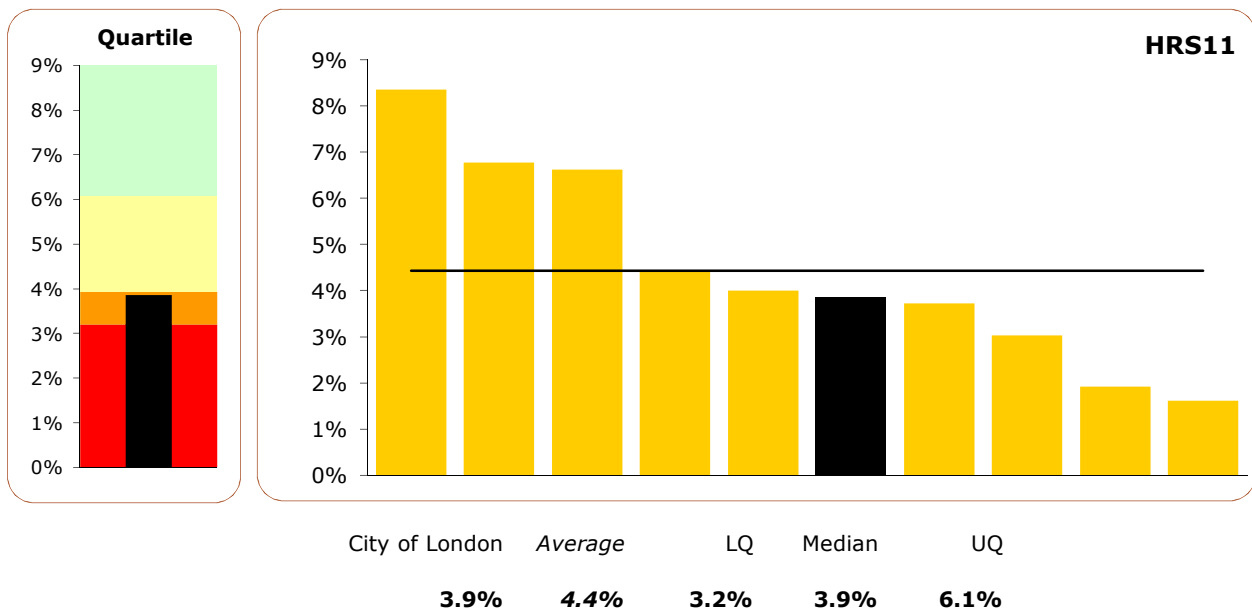
HRS12 Percentage of employees aged 50 or over

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.
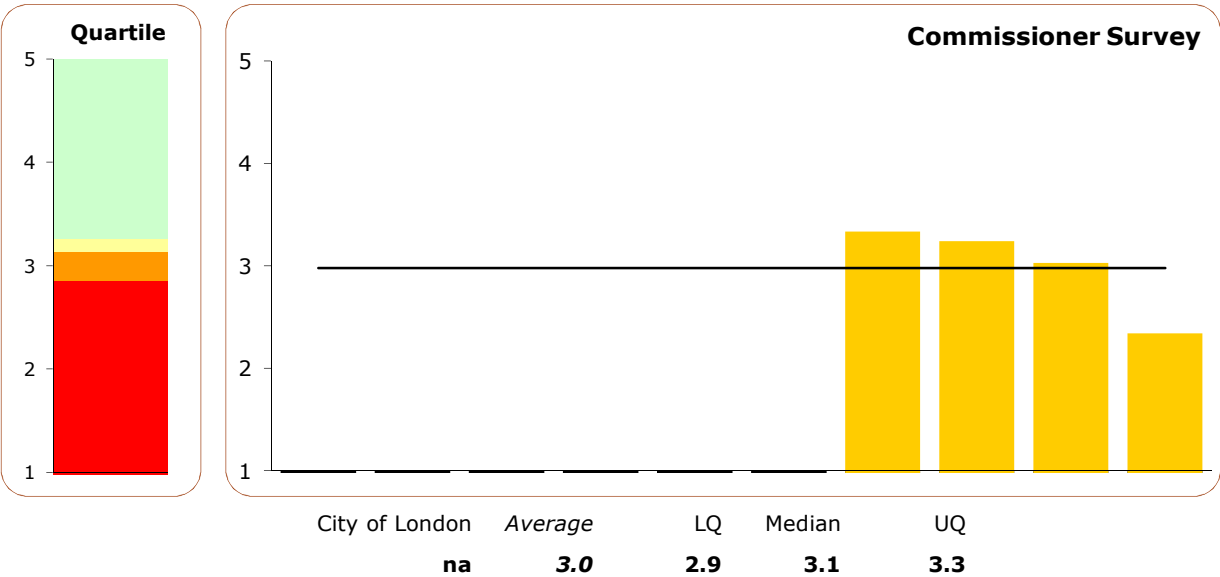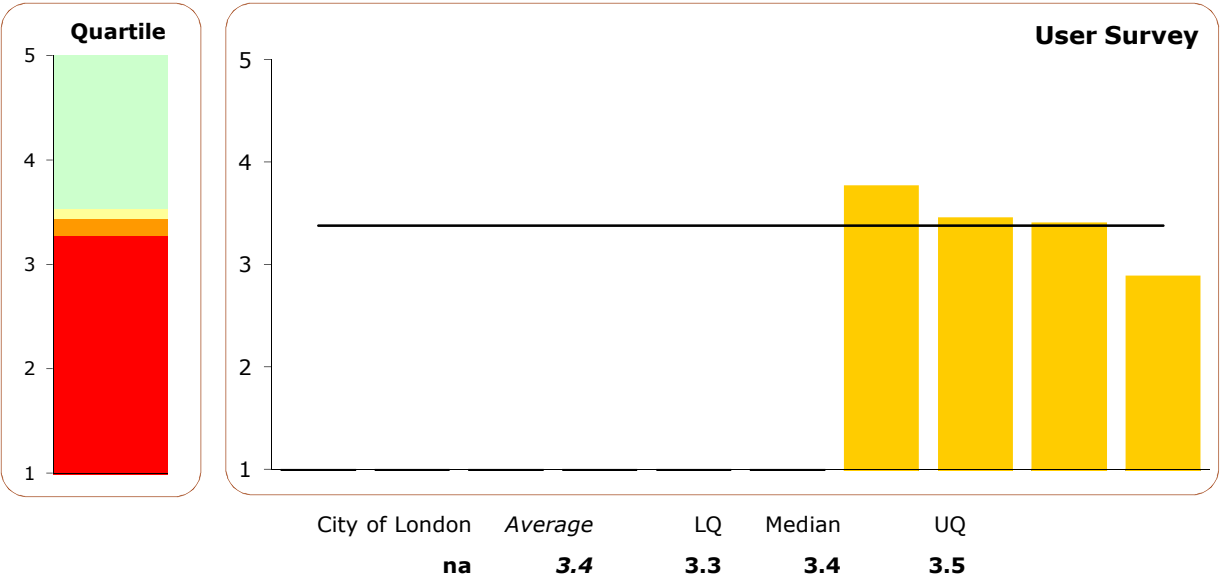

	City of London	Average	LQ	Median	UQ
	35.9%	31.7%	26.9%	34.4%	35.0%
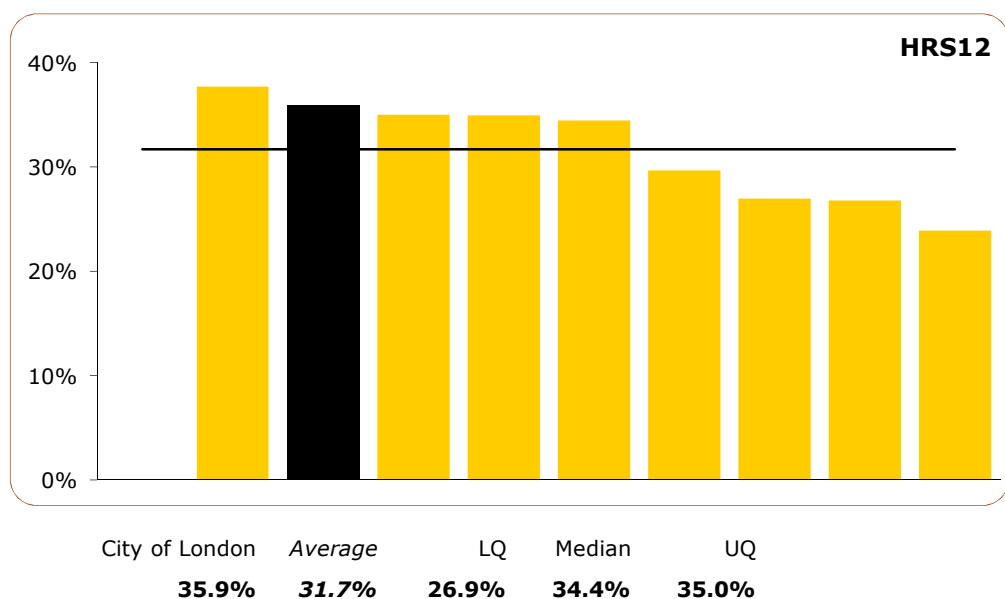
HRS13 Percentage of Black and Minority Ethnic (BME) employees in the workforce

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.

City of London	*Average*	LQ	Median	UQ
18.5%	***36.6%***	**28.2%**	**38.6%**	**46.2%**

Section 3 - SATISFACTION

HRP6(a) Commissioner satisfaction average score

	City of London	Average	LQ	Median	UQ
	na	3.0	2.9	3.1	3.3

HRP6(b) User satisfaction average score

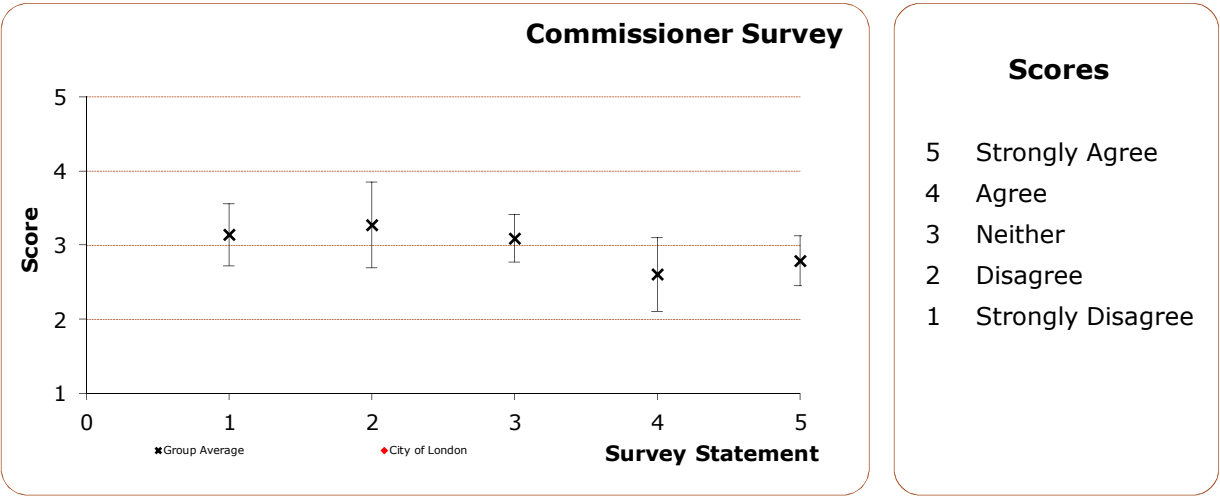|	City of London	Average	LQ	Median	UQ
	na	3.4	3.3	3.4	3.5

Page 88

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.
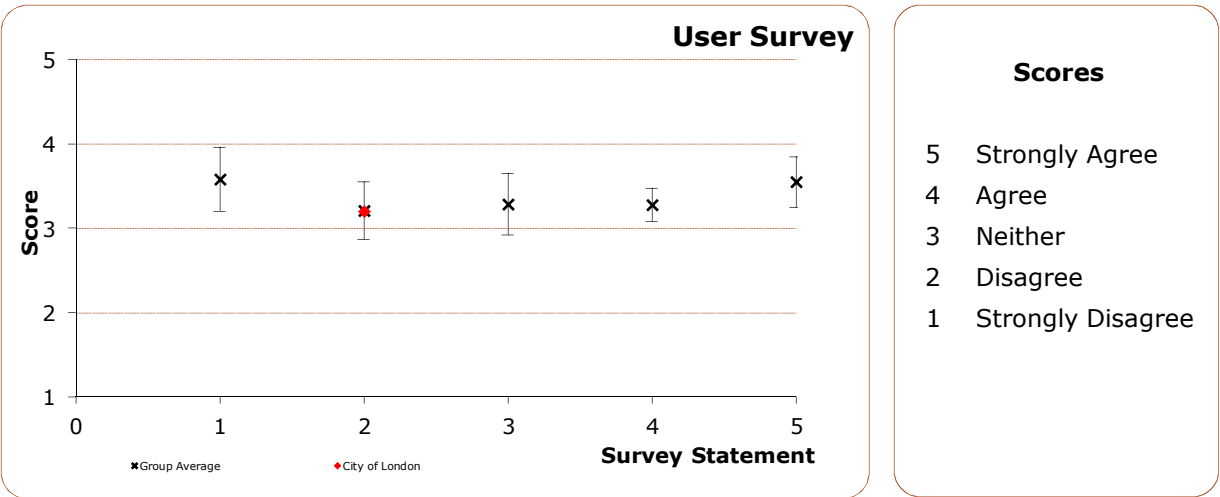
Commissioner Survey

Commissioner Survey — Score vs Survey Statement

Scores	
5	Strongly Agree
4	Agree
3	Neither
2	Disagree
1	Strongly Disagree

✖ Group Average ◆ City of London

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

User Survey — Score vs Survey Statement

Scores	
5	Strongly Agree
4	Agree
3	Neither
2	Disagree
1	Strongly Disagree

✖ Group Average ◆ City of London

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

Page 89

Section 4 - MANAGEMENT PRACTICE INDICATORS

HRP7 Management Practice Indicators

Management practice total score

	City of London	Average	LQ	Median	UQ
	9.00	7.60	7.00	7.50	8.00

|		Yes	No	% Yes	% No
HRMP1	Yes	10	0	100.0%	0.0%
HRMP2	Yes	6	4	60.0%	40.0%
HRMP3	Yes	7	3	70.0%	30.0%
HRMP4	Yes	8	2	80.0%	20.0%
HRMP5	Yes	9	1	90.0%	10.0%
HRMP6	No	9	1	90.0%	10.0%
HRMP7	Yes	5	5	50.0%	50.0%
HRMP8	Yes	7	3	70.0%	30.0%
HRMP9	Yes	5	5	50.0%	50.0%
HRMP10	Yes	10	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%

HRMP1

Yes (10)	████████████████████████ 100%
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
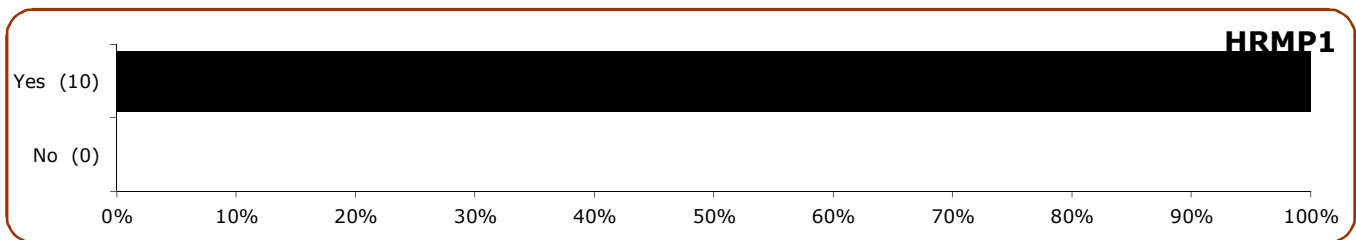
HRMP2

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
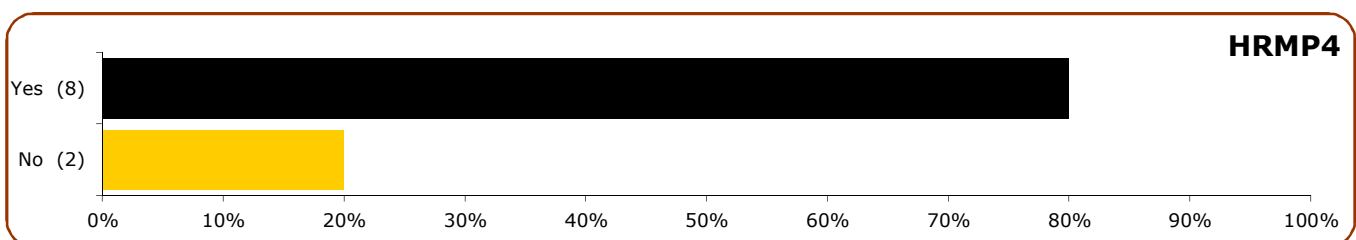
HRMP2

Yes (6)	████████████ 60%
No (4)	████████ 40%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
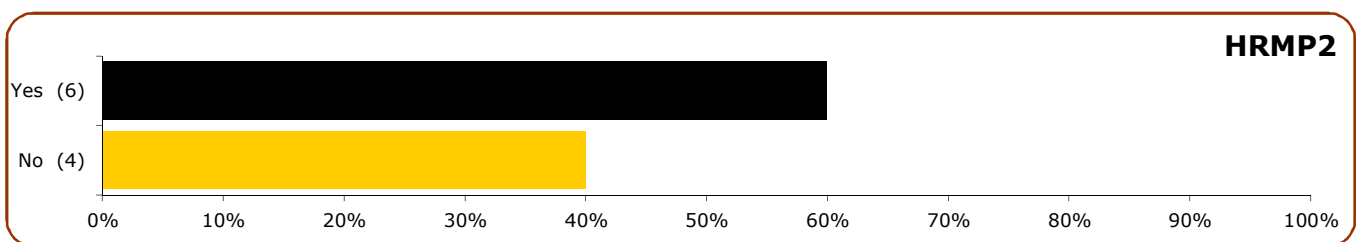
HRMP3

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

HRMP3

Yes (7)	██████████████ 70%
No (3)	██████ 30%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
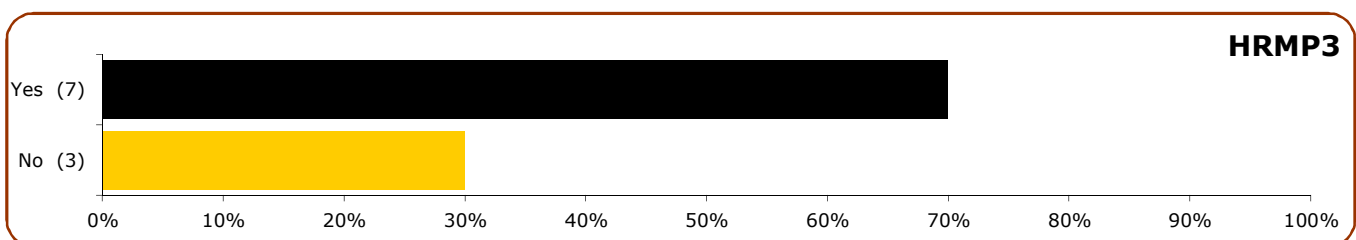
HRMP4

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

HRMP4

Yes (8)	████████████████ 80%
No (2)	████ 20%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Page 91

HRMP5

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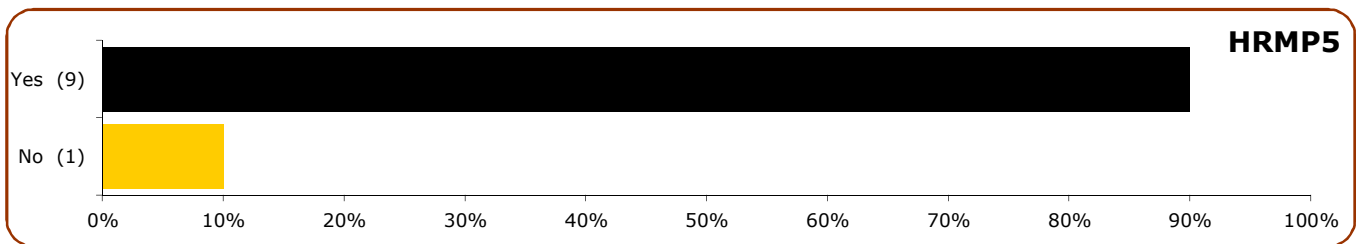

HRMP6

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
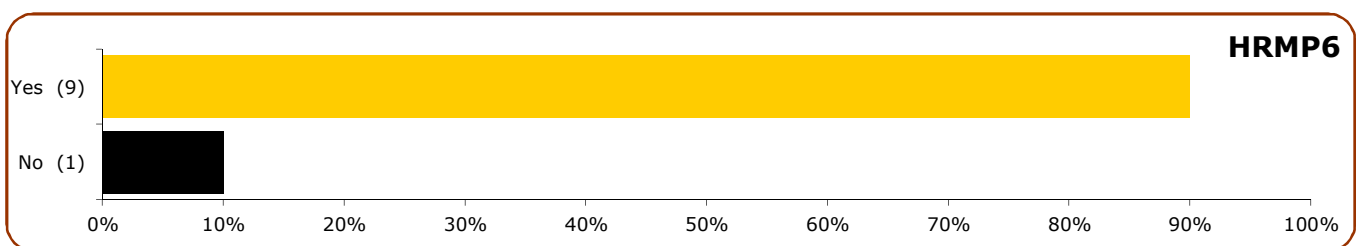

HRMP7

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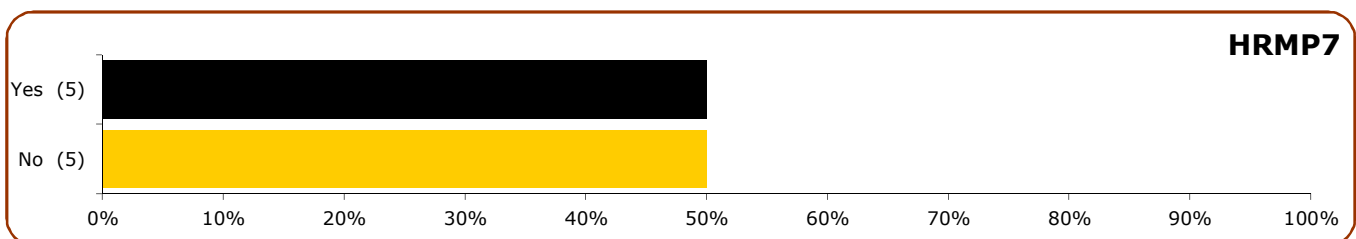

HRMP8

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
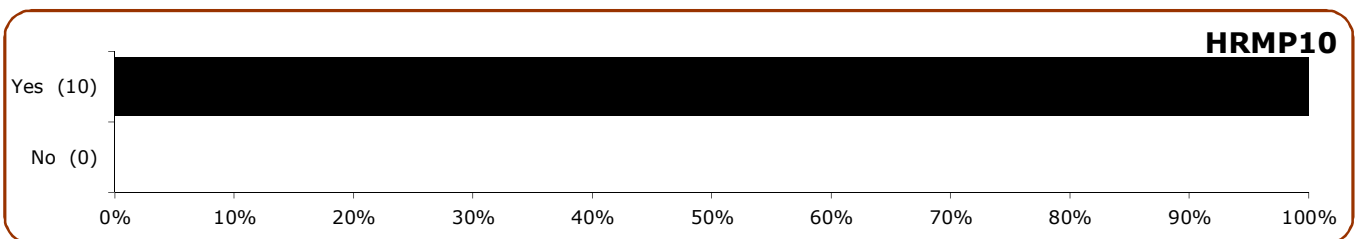

Page 92
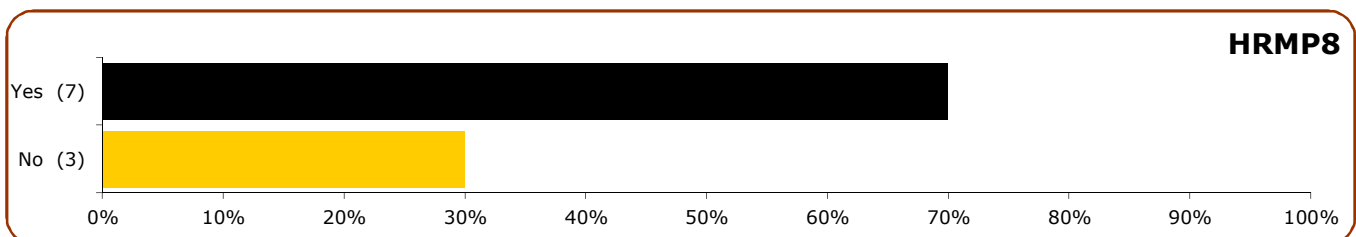
HRMP9

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

HRMP9

Yes (5)	(black bar to 50%)
No (5)	(yellow bar to 50%)

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
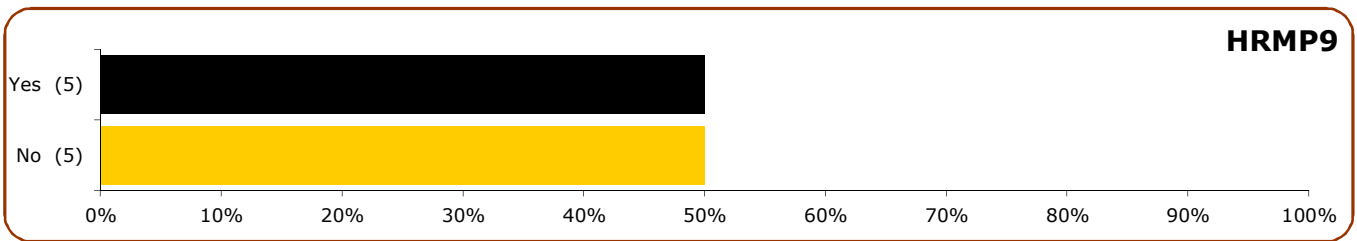
HRMP10

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

HRMP10

Yes (10)	(black bar to 100%)
No (0)	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Page 93

Section 5 - TABULAR DATA

		City of London	Average	Lower Quartile	Median	Upper Quartile
Primary Indicators 2014/15						
HRP1(ai)	Cost of the HR function as a % organisational running costs (including L&D)	0.99%	0.76%	0.42%	0.69%	1.12%
HRP1(aii)	Cost of the HR function as a % organisational running costs (excluding L&D)	0.94%	0.51%	0.33%	0.37%	0.57%
HRP1(b)	Cost of the HR function per fte (including L&D)	£1,087	£896	£579	£865	£1,054
HRP1(b)	Cost of the HR function per fte (excluding L&D)	£1,031	£601	£464	£552	£590
HRP2	Ratio of employees to HR staff (including L&D)	na	141	126	135	150
HRP2	Ratio of employees to HR staff (excluding L&D)	57	142	136	152	170
HRP2	Ratio of employees to L&D staff	na	1123	843	1003	1283
HRP3	Average days per full-time equivalent employee per year invested in learning and development	1.5	1.2	0.6	1.2	1.5
HRP4	Leavers in the last year as a % of the average total staff	13.7%	8.7%	5.0%	8.4%	12.0%
HRP5	Average working days per employee per year lost through sickness absence	5.4	7.5	5.7	7.5	9.8
Secondary Indicators						
HRS1	Cost of learning and development activity as % total pay-bill	0.3%	0.7%	0.3%	0.5%	1.0%
HRS2	Cost of agency staff as a % total paybill	14.9%	8.3%	5.6%	7.6%	11.4%
HRS3	% posts in the leadership which are filled by people who are not permanent in that position		5.9%	4.1%	5.9%	8.1%
HRS4	Average elapsed time (days) from a vacancy occurring to the acceptance of an offer for the same post	49.1	54.2	41.0	49.1	61.1
HRS5	Cost of recruitment per post filled	na	£1,336	£611	£1,284	£1,990
HRS6	Reported injuries, diseases and dangerous occurrences per 1,000 employees	7.3	5.3	3.4	6.2	7.2
HRS7	% people that are still in post after 12 months service	74%	80%	74%	81%	89%
HRS8	Cases of disciplinary action per 1,000 employees	6.9	14.2	9.8	12.0	20.1
HRS9	% staff who receive (at least) an annual face to face performance appraisal	94%	72%	54%	76%	93%
HRS10	% leadership posts occupied by women	27%	45%	40%	49%	52%
HRS11	% employees who consider themselves to have a disability	3.9%	4.4%	3.2%	3.9%	6.1%
HRS12	% employees aged 50 or over	36%	32%	27%	34%	35%
HRS13	% Black and Minority Ethnic (BME) employees in the workforce	18.5%	36.6%	28.2%	38.6%	46.2%

Page 94

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