



Efficiency and Performance Sub (Finance) Committee

Date: FRIDAY, 17 FEBRUARY 2017
Time: 1.45 pm
Venue: COMMITTEE ROOMS - WEST WING, GUILDHALL

Members: Jeremy Mayhew (Chairman)
Deputy Roger Chadwick (Deputy Chairman)
Randall Anderson
Nigel Challis
Dominic Christian
Deputy Anthony Eskenzi
Sheriff & Alderman Peter Estlin
Deputy Jamie Ingham Clark
Ian Seaton
Deputy John Tomlinson
Philip Woodhouse

Enquiries: Chris Braithwaite
tel.no.: 020 7332 1427
christopher.braithwaite@cityoflondon.gov.uk

Lunch will be served in 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 30 November 2016.

For Decision
(Pages 1 - 6)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
Report of the Town Clerk.

For Information
(Pages 7 - 8)
5. **WORK PROGRAMME FOR FUTURE MEETINGS**
Report of the Town Clerk.

For Information
(Pages 9 - 10)
6. **EFFICIENCY AND SUSTAINABILITY PLAN - IMPLEMENTATION**
Report of the Chamberlain.

For Information
(Pages 11 - 20)
7. **CORPORATE AND DEPARTMENTAL BUSINESS PLANNING - UPDATE**
Report of the Head of Corporate Strategy and Performance.

For Information
(Pages 21 - 38)
8. **IMPLEMENTATION OF NEW SERVICE BASED REVIEW CONTRACT
MANAGEMENT INTERVENTIONS - PROGRESS REPORT**
Report of the Chamberlain.

For Information
(Pages 39 - 42)
9. **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY VALUE
FOR MONEY INDICATORS 2015/16**
Report of the Chamberlain.

For Information
(Pages 43 - 52)
10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
12. **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

13. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 30 November 2016.
- For Decision**
(Pages 53 - 54)
14. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
Report of the Town Clerk.
- For Information**
(Pages 55 - 56)
15. **SERVICE BASED REVIEW - STRATEGIC ASSET MANAGEMENT - FACILITIES MANAGEMENT REVIEW - UPDATE**
Joint report of the Town Clerk, Comptroller and City Solicitor, City Surveyor and Chamberlain.
- For Information**
(Pages 57 - 64)
16. **BARBICAN CENTRE SERVICE BASED REVIEW UPDATE**
Report of the Managing Director, Barbican Centre.
- For Information**
(Pages 65 - 72)
17. **SERVICE BASED REVIEW MONITORING**
Joint report of the Town Clerk and Chamberlain.
- For Information**
(Pages 73 - 80)
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**

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EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE

Wednesday, 30 November 2016

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

Present

Members:

Jeremy Mayhew (Chairman)	Sheriff & Alderman Peter Estlin
Deputy Roger Chadwick (Deputy Chairman)	Deputy Jamie Ingham Clark Ian Seaton
Nigel Challis	Deputy John Tomlinson
Deputy Anthony Eskenzi	

Officers:

Christopher Braithwaite	-	Town Clerk's Department
Neil Davies	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Kate Smith	-	Town Clerk's Department
Caroline Al-Beyerty	-	Chamberlain's Department
Paul Nagle	-	Chamberlain's Department
Paul Wilkinson	-	City Surveyor

In attendance:

Sascha Kiess, Continuous Improvement Institute

1. APOLOGIES

Apologies for absence were received from Randall Anderson and Philip Woodhouse.

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

There were no declarations.

3. EXTERNAL SPEAKER - EMBEDDING A CULTURE OF CONTINUOUS IMPROVEMENT

The Sub-Committee considered a presentation from Sascha Kiess of the Continuous Improvement Institute regarding embedding a culture of continuous improvement in the Corporation.

The presentation provided information of the definition of continuous improvement; the key characteristics of a continuous improvement culture; the key steps that can be taken to develop a continuous improvement culture; how to measure progress in implementing a continuous improvement culture; and the benefits of creating a continuous improvement culture.

Members welcomed the presentation, agreeing that embedding a culture to ensure that continuous improvement was considered to be business-as-usual would be very beneficial for the organisation. This would contrast with the existing process of a series of two-to-three year savings programmes. Members noted that achieving such a culture would be a long-term objective and may be challenging to achieve.

Members also commented that it would be vital that the Corporation first had a clear vision of what it sought to achieve. This vision would need to be supported by all aspects of the Corporation's leadership and embedded within the Corporation's corporate governance.

RESOLVED – That the Sub-Committee notes the presentation.

4. **DEPARTMENTAL BUSINESS PLANNING PROCESS**

The Sub-Committee received a presentation from the Town Clerk which provided information regarding the development of the Corporation's revised Corporate Plan and the process for the development of Departmental Business Plans.

The Town Clerk explained that the Corporate Plan and Departmental Business Plans, along with the processes which reviewed and supported these, would be built around the theme of the 4 Rs (Relevant, Responsible, Reliable and Radical) and ensure that all activities undertaken were focused upon achieving the Corporation's goals as efficiently and effectively as possible.

Members commented that further development was required of the Corporate Plan and Departmental Business Planning Process and it was vital that Members were heavily involved in this, in appropriate forums. This would ensure that, when the Corporate Plan and Departmental Business Plans were presented to Members, these were in line with Members expectations.

Members commented that it was important that all Plans included measurable outputs and agreed that the Plans should be beneficial in supporting a culture of continuous improvement being embedded across the Corporation. Members also commented that it was important that the Plans allowed Officers to appropriately identify and mitigate risks, but also gave Officers the opportunity to take appropriate risks.

The Chairman commented that the two presentations received by Members had been complementary and provided Members with information of the current position of the development of these issues within the Corporation. He explained further development of the Plans would be completed by Senior Officers prior to further Member consultation.

The Chairman requested that an update on progress in the development of the Plans be provided to the Sub-Committee's next meeting.

RESOLVED – That the Sub-Committee notes the presentation.

5. **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 item on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act.

6. **GUILDHALL SCHOOL - SUSTAINABILITY (OPERATING MODEL REVIEW) BY PA CONSULTING**

The Sub-Committee noted a joint report of the Chamberlain and Town Clerk which provided information of the review, conducted by PA Consulting, of the Guildhall School of Music and Drama's Operating Model Review.

7. **ADMITTANCE OF THE PUBLIC**

RESOLVED – That the public be admitted to the meeting.

8. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED - That the public minutes and non-public summary of the meeting held on 12 October 2016 be agreed as an accurate record.

9. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

The Chairman commented that the presentations considered earlier in the meeting demonstrated the importance of ensuring that the Staff Suggestion Scheme was embedded within the Departmental Business Planning process.

RESOLVED – That the Committee notes the report.

10. **EFFICIENCY AND SUSTAINABILITY PLAN - NEXT STEPS**

The Sub-Committee considered a report of the Chamberlain which provided information of the next steps to be taken to build on the Efficiency and Sustainability Plan, which had been approved for publication by the Court of Common Council on 13 October 2016. The additional steps which would be taken included Efficiency and Effectiveness Peer Reviews for all Chief Officers and incentivisation for identification and implementation of efficiency savings.

The Chamberlain informed the Sub-Committee that, as promised in return for the publication of Efficiency Plans, the Department for Communities and Local Government had confirmed the level of the Corporation's Local Government Grant Funding for the next three years.

The Sub-Committee asked how the efficiency plan would apply to the independent schools, as it would not be appropriate to make savings through reducing bursaries or similar methods. The Chamberlain explained that there was no intention to cut bursaries, and the efficiency plan would seek to find efficiencies in the shared services used by the schools.

Members asked for clarification regarding the timescale for the completion of Chief Officer Peer Reviews. The Chamberlain explained that a timetable for

each of the workstreams identified within the report had been developed and this was put around the table. The Chamberlain explained that it was intended to commence the Peer Reviews in early 2017, but it may be necessary, due to resources for these to be staggered and it therefore may not be possible to complete a Peer Review for each Chief Officer until 2018.

The Chamberlain confirmed that the work that would be undertaken to implement the Efficiency Plan would be integrated into the Sub-Committee's work programme.

RESOLVED – That the Sub-Committee

- a) Notes the proposals for implementing the Continuous Improvement savings target; and
- b) Notes the approach being adopted for progressing Chief Officer Peer Reviews.

11. THE ESTABLISHMENT OF A PROCUREMENT INVEST TO SAVE FUND

The Sub-Committee considered a report of the Chamberlain which set out proposals to establish a Procurement Invest to Save Fund, using a percentage of the annual savings generated by City Procurement to fund bids for continuous improvement procurement projects.

A Member noted that, when this report had been considered at Finance Committee, he had suggested that the limit for annual funding for the Fund should be higher than £250k. The Finance Committee had agreed that, if opportunities were identified which required a higher level of funding, these could be brought back to the Finance Committee for approval.

The Chamberlain confirmed that this Fund was solely for invest-to-save initiatives related to procurement and would not be available for invest-to-save initiatives in other areas.

RESOLVED – That the Sub-Committee notes the report.

12. WORK PROGRAMME FOR FUTURE MEETINGS

The Sub-Committee considered a report of the Town Clerk which set out the work plan for future meetings.

The Chairman commented that the format of the Work Programme needed further revision and requested that the Town Clerk and Chamberlain review the format in advance of the Sub-Committee's next meeting.

The Town Clerk explained that he would seek to change the date of the Sub-Committee's next meeting to ensure that the issues to be considered by the Sub-Committee could be sufficiently developed and that all relevant Officers were able to attend.

RESOLVED – That the Sub-Committee notes the report.

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

There were no questions.

14. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business.

15. **EXCLUSION OF THE PUBLIC**

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

Item(s)

Paragraph(s) in Schedule 12A

16-20

3

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

RESOLVED - That the non-public minutes of the meeting held on 12 October 2016 be agreed as an accurate record.

17. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**

The Sub-Committee noted a report of the Town Clerk which set out the outstanding actions from previous meetings of the Sub-Committee.

18. **SERVICE BASED REVIEW MONITORING**

The Sub-Committee noted a joint report of the Town Clerk and the Chamberlain which provided an update on the Service Based Review, including cross-cutting reviews, key departmental projects and the monitoring of financial savings.

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

There were no questions.

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

There were no items of urgent business.

The meeting closed at 3.30 pm

Chairman

Contact Officer: Chris Braithwaite
tel.no.: 020 7332 1427
christopher.braithwaite@cityoflondon.gov.uk

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EFFICIENCY AND PERFORMANCE SUB-COMMITTEE – OUTSTANDING ACTIONS

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	Nov 2016	Departmental Business Planning Process The Chairman requested that an update on progress in the development of the plans be provided to the Sub-Committee's next meeting.	Head of Corporate Strategy and Performance	February 2017.	A report regarding this is included on the agenda.
2.	Nov 2016	Efficiency and Sustainability Plan The Chamberlain confirmed that the work that would be undertaken to implement the Efficiency and Sustainability Plan would be integrated into the Sub-Committee's work programme.	Chamberlain	February 2017.	A report regarding this is included on the agenda, and further reports have been added to the work programme.
3.	Nov 2016	Work Programme for Future Meetings The Chairman commented that the format of the Work Programme needed further revision and requested that the Town Clerk and Chamberlain review the format in advance of the Sub-Committee's next meeting.	Town Clerk and Chamberlain	February 2017	The format of the work programme has been reviewed by Town Clerk's and Chamberlain's and is presented in its revised format within the agenda.
4.	Nov 2016	Work Programme for Future Meetings The Town Clerk to seek to change the date of the Sub-Committee's next meeting to ensure that all relevant Officers were able to attend.	Town Clerk	February 2017	The meeting was rearranged for 17 February to enable the Managing Director of the Barbican Centre to attend.

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Efficiency and Performance Sub-Committee – Work Programme

Meeting:	17/2/17	17/5/17	5/7/17	26/9/17	15/11/17	January 2018
Benchmarking and Value for Money						
	CIPFA Benchmarking (Finance and HR)	<i>Further items regarding value for money and comparison with local authorities will be included in future work programmes.</i>				CIPFA Benchmarking (Finance and HR)
Outcomes and Performance						
	Reports will be provided once performance against KPIs within Departmental Business Plans for 2017/18 has been measured (end of Quarter 1 of 2017/18)			Departmental Performance against KPIs	Departmental Performance against KPIs - Update	Departmental Performance against KPIs - Update
Monitoring of Savings Programmes						
	Service Based Review: 2016/17 Quarter 3 Update Facilities Management Review - Update	Service Based Review: 2016/17 Quarter 4 Update Strategic review of Asset Management - Update	Service Based Review: 2017/18 Quarter 1 Update Strategic review of Asset Management - Update	Service Based Review: 2017/18 Quarter 2 Update Strategic review of Asset Management - Update	Service Based Review: 2017/18 Quarter 3 Update Strategic review of Asset Management - Update	Service Based Review: 2017/18 Quarter 4 Update Strategic review of Asset Management - Update
Commercial/Income Generation Opportunities						
	Review of Contract Management – Update	Commercial Opportunities		Commercial Opportunities - Update		Commercial Opportunities - Update

Meeting:	17/2/17	17/5/17	5/7/17	26/9/17	15/11/17	January 2018
Continuous Improvement						
	Efficiency Plan - Implementation Corporate and Departmental Business Planning process - Update	Efficiency Plan – Implementation Update	Efficiency Plan – Implementation Update (including Peer Review Programme)	Efficiency Plan – Implementation Update Central Risk Budget Review	Efficiency Plan – Implementation Update (including potential new cross-cutting reviews)	Efficiency Plan – Implementation Update
Specific Departmental Focus						
	Barbican Centre	To be determined (Current proposal: City Surveyor) Guildhall School – Update on Operating Model Review	To be determined	To be determined	To be determined	To be determined

Committee: Efficiency and Performance Sub-Committee	Date: 17 February 2017
Subject: Efficiency and Sustainability Plan – Implementation	Public
Report of: Chamberlain	For Information
Report author: Paul Nagle, Chamberlain’s Department	

Summary

The Court of Common Council approved the published Efficiency and Sustainability Plan on the 13th October 2016.

The Efficiency and Sustainability Plan needs to be viewed in the context of the overall Medium Term Financial Strategy to have a five year plan with sufficient cashable savings to present a balanced budget for all four funds and adopting an investment approach utilising the headroom to invest in one-off projects such as the Museum of London relocation project and 'bow wave' list of outstanding repairs. To assist with this context and messaging, the set of core messages on the City of London Corporation’s Finances have been reviewed and updated at **Appendix 1**.

The medium term financial strategy proposed to Members in January incorporates a 2% budget reduction for City’s Cash and City Fund from 2018/19. A zero inflation uplift has also been assumed from 2018/19 although specific budget increases are being proposed for a 3.5% increased employer contributions and an adjustment for the last assessment of the impact of the apprenticeship levy.

The principles of how the Peer Review programme is anticipated to work have been agreed with the Chief Officer Summit Group. The actual approach adopted will be revised in-light of the experience gained from the first pilot review. Chief Officers will be invited to suggest key focus areas and approximate timing for Peer Review of their Departments so that a full programme can be developed.

A high level plan has been developed for implementation of the Efficiency and Sustainability Plan at **Appendix 2**.

Recommendations

The Sub-Committee is recommended to:

- Note the core messages on the City of London Corporation Finances.
- Note the timetable and approach for implementing the Efficiency and Sustainability Plan.

Main Report

Background

1. The Court of Common Council approved the published Efficiency and Sustainability Plan on the 13th October 2016.

2. The Efficiency and Sustainability Plan focuses on the existing Service Based Review programme and other agreed transformation initiatives, along with the framework that currently exists and is being developed for continuous efficiency improvement for 2017/18 and later years.
3. The Plan sets out a framework that incorporates continuous improvement savings, with a rolling programme of departmental peer reviews to help secure more radical changes in efficiency and effectiveness, alongside a limited number of cross cutting reviews. The key aspects are:-
 - An across the board light touch continuous improvement target reducing departmental budgets by 2% from 2018-19, with an incentive element adopted - in which a share of any savings above 2% could be re-invested in new priorities in the subsequent year as part of a revised carry-forward process.
 - A rolling programme of departmental peer reviews to help identify more radical effectiveness and efficiency improvements, most likely to impact from 2018-19 onwards (but with pilots starting in earlier years).
 - Further cross cutting reviews, including prevention/demand management, when the current reviews have been implemented.

Efficiency and Sustainability Plan context within the overall Financial Position

4. A separate report has been prepared on the overall financial position and medium term financial planning for the City of London Corporation. This was considered by the joint meeting of the Resource Allocation Sub-Committee, Efficiency and Performance Sub-Committee and Service Committee Chairman on the 19th January 2017.
5. The Efficiency and Sustainability Plan needs to be viewed in the context of the overall Medium Term Financial Strategy to have a five year plan with sufficient cashable savings to present a balanced budget for all four funds and adopting an investment approach utilising the headroom to invest in one-off projects such as the Museum of London relocation project and 'bow wave' list of outstanding repairs.
6. To assist with this context and messaging, the set of core messages on the City of London Corporation's Finances have been reviewed and updated and are set out in **Appendix 1**. These are to be used as a basis for briefing stakeholders, tailored as appropriate to the specific audience.
7. These messages will be communicated to all Members through inclusion as an annex in the next available Finance Reports to Service Committees.

Peer Reviews

8. The Efficiency and Sustainability Plan set out the principle of a rolling programme of departmental peer reviews to help identify more radical effectiveness and efficiency improvements, most likely to impact from 2018-19 onwards.

9. The principles of how the Peer Review programme is anticipated to work were agreed with the Chief Officer Summit Group in January 2017.
10. The peer reviews will be strategically focused on performance and effectiveness identifying areas where:-
 - There is potential for significant improvement in economy, efficiency and effectiveness
 - Significant opportunity exists for increased contributions to strategic priorities and outcomes with reference to the draft corporate plan ambitions.
11. Potentially these peer reviews will assist in helping identifying those activities that require realignment in order to deliver the ambitions stated in the emerging corporate plan.
12. Financial saving may occur as a result of the implementation of recommendations arising from these reviews; however financial savings will be consequential rather than the driver for this review activity.
13. These reviews are to be kept relatively light touch and draw on models/approaches developed elsewhere.
14. Each review will seek to identify and utilise an external expert reference point to help shape the key lines of enquiry. In many cases, it is envisaged this would be an equivalent Chief Officer/Director who has responsibility for a similar range of services in another organisation. There would be scope for Chief Officers to delegate the delivery of peer reviews to suitably capable Directors, although there will be an expectation that they would retain an oversight of the review.
15. The actual approach adopted will be revised in-light of the experience gained from the first pilot review.

Implementation of a 2% Continuous Budget reduction from 2018/19

16. The Efficiency and Sustainability Plan agreed the principle of an across the board light touch continuous improvement target reducing departmental budgets by 2% from 2018-19, with an incentive element adopted - in which a share of any savings above 2% could be re-invested in new priorities in the subsequent year as part of a revised carry-forward process.
17. The Medium Term Financial Strategy proposed to members in January incorporates a 2% budget reduction for City's Cash and City Fund from 2018/19. There is no provision for an uplift in pay and prices from 2018/19, although specific budget increases are being proposed for a 3.5% increased employer contributions and an adjustment for the last assessment of the impact of the apprenticeship levy. Should service committees identify significant cost pressures in 2018/19 onwards, a business case should be submitted to the Chamberlain.

18. The next steps for implementation of the budget reduction are set out in **Appendix 2** along with the timing of when any flexibility will be considered in terms of the application of the target to Departmental budgets from 2018/19.

Identification of further cross-cutting reviews and Central Risk Budget reviews

19. The next steps for undertaking a Central Risk budget review in May 2017 and identification of the next set of cross-cutting reviews are set out in **Appendix 2**.

20. The Central Risk budget review will focus on budgets held corporately that are not controlled in local risk, because of the difficulty for individual Chief Officers in forecasting expenditure. Corporate Departments will be subject to the same 2% budget reduction and Peer Review process as Service Departments and Institutional Departments.

Corporate & Strategic Implications

21. The review supports Key Policy Priority 2 in the Corporate Plan 2015-19: "Improving the value for money of our services within the constraints of reduced resources".

Conclusion

22. The development of the Efficiency and Sustainability Plan for the City Corporation will provide a framework to consider how the City Corporation will continually review its priorities and operations and seek further efficiency and performance improvements. Savings made as a consequence of further efficiency initiatives can then be positively applied to addressing funding gaps, enhancing services and pursuing new priorities.

Appendices

Appendix 1 – Core messages on the City of London Corporations' Finances

Appendix 2 – Efficiency & Sustainability Plan – Budget Reduction and other measures – Forward Plan

Paul Nagle

Head of Finance – Projects, T: 020 7332 1277, E: paul.nagle@cityoflondon.gov.uk

CORE MESSAGES ON THE CITY OF LONDON CORPORATION'S FINANCES – January 2017

Our aim:

Our funds are there to help the City of London Corporation promote financial, professional and business services, provide excellent public services and support the City, capital and country as a whole.

They must be used economically, efficiently and effectively to maintain the City's underlying infrastructure and services and so we can prioritise paying for initiatives which meet our long-term ambitions.

How we do this:

The City has four funds.

Two of these are paid for by ratepayers and taxpayers:

- City Fund - money used to cover local authority activities in the square mile and beyond.
- Police Fund – the money used to pay for the City of London Police Force

Two are provided at no cost to the taxpayer:

- City's Cash - an endowment fund built up over 800 years and passed from generation to generation used to fund services that benefit London and the nation as a whole.
- Bridge House Estates - the money used to look after five bridges over the Thames with any surpluses being used for charitable purposes and awarded through the City Bridge Trust.

It is a duty on us to make the best use of the resources we have. This can only be done through continually reviewing the economy, efficiency and effectiveness of our services, the outcomes that are achieved and how they meet our long-term ambitions.

Everyone has a role to play in constantly challenging what we do and thinking about how we could do things better.

Are there further cuts being made?

Yes, but only 2% and only to ensure continuous improvement. In 2014, we estimated that due to cuts in government funding City Fund would be facing deficits approaching £11m by 2017/18 so we had to deal with this by scrutinising all our activities in what we called the Service Based Review.

We could, of course, have just made efficiencies in those areas paid out of public funds. But we decided it was not fair or equitable to ask some parts of our organisation to be more efficient and not others.

Proposals totalling £20m in efficiencies/extra income were identified and are well underway to being implemented. Following the completion of the Service Based Review programme, a continuous 2% per annum budget reduction target will be introduced across all our services. Departments will be expected to meet this through efficiency and performance improvements.

Why are we continuing to make budget reductions?

Firstly, we have a duty to ensure the most effective and efficient use of our resources.

Secondly, we continue to have big cost pressures. We live in an historic and ageing City. Many of our properties are deteriorating which requires an increased level of investment, and our IT infrastructure and service needs investment. In addition the City of London Police needs to address the changing nature of policing and the increasing demands placed on the service in the context of increased security threats from terrorism, growing cybercrime and online economic crime and intelligence requirements.

Thirdly, by being economic, efficient and making savings and focusing our efforts where we are most effective we can enhance existing services and pursue new priorities and increasingly ambitious outcomes for the benefit of the City, London and the nation.

Why not utilise the City's Cash fund endowment?

This is money which has been passed down to us over the years, produces income for us and is not to be used lightly as we want to pass it on to future generations to sustain services in the medium to longer term. Its income comes mainly from property and investments and is used to finance activities for the benefit of the City, London and the nation as a whole. Any sale of the underlying investments reduces the ability of the fund to generate income in future years.

The City's Cash budget will be running a deficit over the next three years to allow us to carry out essential investment before returning to a small surplus in 2020/21.

So what does the future look like for these funds?

The financial forward look for two of our funds is relatively healthy but uncertainties remain.

- City Fund: we have been planning for a continuing reduction in government grant and the underlying budget position is robust. We will be using the headroom to invest in essential repairs and maintenance and to fund the building of the new Museum of London to the benefit of all Londoners and the country as a whole.
- City's Cash: The forecast deficit over the next three years reflects our commitment to carry out essential investment and to support cultural development before returning to a small surplus in 2020/21.

- Bridge House Estates: the rising surplus will increase the resources available to the City Bridge Trust for charitable giving across London.
- The Police Fund: The underlying financial position remains very challenging with the recent Police core grant settlement marginally lower than anticipated. Additional cost pressures have meant the fund has moved into deficit, utilising the remaining ring fenced reserves in 2016/17 and 2017/18. An interim strategy has been developed and proposed for dealing with the deficit to the end of 2017/18. The Town Clerk, the Chamberlain and the Commissioner, have commissioned a review of the Police operating model, focusing on future demand modelling and how best to secure VFM, to identify options to address the, as yet unfunded, projected deficits of £5.6m in 2018/19 and £3.8m in 2019/20.

What are your total assets?

The City of London Corporation has assets of around £4bn. Income from these assets fund our services and any sale of assets to fund on-going services in the short term would harm our ability to protect services in the medium to longer term. Sale of many of our local authority assets to fund day to day services is also effectively prohibited by Local Government accounting rules.

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Appendix 2

Efficiency & Sustainability Plan – Budget Reduction and other measures – Forward Plan

Budget Reduction Target	When	Next Steps
Confirm budget reduction 2% for 2018/19 budget estimates round at RASC awayday. – plus confirm view that no inflation uplift other than proposed 3.5% increase for employer pension contributions and adjustment for apprenticeship levy . Also confirm position on schools re:- application of the 2% re:- Bursaries	June 2017	Prepare report in April 2017. Report to COG/Summit Group in May 2017 – to consult with Chief Officers on principles.
Finance Committee and Policy & Resources Committee consider any requests for flexibility in timing of budget reductions by Departments for 2018/19 budget setting and business planning round. <u>Exceptional</u> basis only.	September 2017	Remind Chief Officers at Summit Group in May 2017. Incorporate guidance in budget estimates process for 2018/19. P&R/Finance Committee approve any revision to targets re:- flexibility of 2% reductions in 2018/19. – use October 2017 meetings of Finance & P&R
Central Risk Review		
Review of principles that distinguish between central and locally held budgets	May 2017	Report to Strategic Resource Group on principles
Review of central risk budgets to determine if there are opportunities for identifying efficiency savings	July 2017	Town Clerk/Chamberlain – line by line review of central risk Report outcome and recommendations via SRG and Summit Group, and then EPSC – in Autumn
Develop overall Peer Review programme	June 2017	Sets out lessons learned from pilot and recommended approach for Peer Review Programme. To SRG, Summit Group in June and then EPSC in July
Further Cross-Cutting Efficiency and Performance Improvement Reviews		
Initial assessment of potential cross-cutting reviews	July 2017 to September 2017	Develop potential reviews in light of Corporate Plan priorities, progress in cross-cutting review implementation.
Update reports to Members on proposed cross-cutting review programme	October/ November 2017	EPSC/Finance Committee/P&R Committee

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Committee: Efficiency and Performance Sub Committee	Date: 17 February 2017
Subject: Corporate and Departmental Business Planning – update	Public
Report of: Head of Corporate Performance and Strategy	For Information
Report author: Neil Davies, Town Clerk’s Department	

Summary

Work is continuing on the revision to the corporate and business planning process discussed with Members at the last meeting.

A refreshed Corporate Plan is being developed for 2018-23 which will set out a new vision and specific outcomes against which we will monitor our performance. Members will be invited to comment on the draft plan after the Common Council elections and it will be presented to the Court of Common Council for final approval prior to publication.

Consultation has taken place with Service Committee Chairmen on the proposals for business planning, in particular the new high-level 2-page departmental plan developed in response to Members’ comments on last year’s business plans. The response was very positive and a number of helpful suggestions and comments were made. All Members have been informed of the outcome of these meetings.

Draft high-level departmental plans will be presented to Service Committees before the elections in March, where possible, or circulated to the current Chairmen and Deputy Chairmen. Following the elections, Service Committees will receive the high-level plans for approval, supported by detailed business plans.

During 2017/18, further development work will take place, including on the format of detailed business plans and arrangements for monitoring and reporting performance. Regular updates will be provided to this Sub Committee as the work progresses.

Recommendation

Members are asked to note this report.

Main Report

Background

1. At the last meeting, Members received a presentation on the development of a revised corporate and business planning approach for the City Corporation. The aim of this approach is to align all operational activities towards agreed overarching corporate goals by:

- Refreshing the Corporate Plan for 2018-23, to state ambitious long-term outcomes against which we can measure our performance.

- Producing Departmental Business Plans that show Members more succinctly how the work of each department contributes to the ultimate achievement of the agreed outcomes. All activities will be included in the business plans, as well as details of projects being undertaken, development plans and horizon scanning.
 - Laying a “golden thread”, so that every proposal made to Members is well thought through, aligned to the Corporate Plan, and included in a team, project or individual work plan.
2. This report updates Members on progress since then, and includes the key milestones for the next few months.

Development of the Corporate Plan 2018-23

3. The refreshed corporate plan being developed for 2018-23 will include: a vision statement which is specific and relevant to the City Corporation; ambitious long-term outcomes against which we can measure our performance, and an outline of our top-level strategies for achieving our outcomes. The aim is to produce a plan which sets out one set of overarching strategic goals for the organisation, for everyone within it to work towards.
4. Consultation on the draft plan will take place with Members; Chief Officers and their staff; external stakeholders, and partners. Initial consultation with Members will take place after the Common Council elections. The draft Corporate Plan for 2018-23 will be presented to the Court of Common Council in early 2018 for final approval prior to publication.

Departmental Business Planning

5. In response to comments from Members regarding the length and complexity of existing business plans proposals have been developed for a new high-level 2-page departmental plan. These will show Service Committees more clearly what each department does and how their work contributes to the achievement of the overall outcomes. These new standardised plans will also allow corporate Committees and Sub Committees to see what is being proposed and delivered across the organisation as a whole.¹
6. The new plans will capture all activity within departments, including work on corporate projects and programmes, development plans, and a horizon scan of developing workstreams.
7. For 2017/18, all Chief Officers have been asked to submit their high-level plans in draft to their Service Committees before the Court of Common Council elections in March. Where Committees do not meet before the elections, draft high-level plans will be sent to the current Chairmen and Deputy Chairmen for comment. Feedback from Committees, particularly on what departments state as their

¹ NB: This process does not currently cover the City of London Police, GSMD, and the three independent schools, who have their own arrangements.

ambitions, will be used in the further development of the corporate plan outcomes.

8. Following the elections, Chief Officers will be submitting their high-level plans to Service Committees for approval, supported by detailed business plans. For this year, those detailed plans will be in the same format as used last year, but include the additional detail noted above. All plans will reflect the make-up of departments. Where departments and Committees don't align, Members will be informed which information is relevant to their Committee in the covering report. Further work will be done on standardising the format of the more detailed plans in preparation for 2018/19.
9. Further work will also take place on monitoring and reporting against the agreed outcomes at both corporate and departmental levels. This responds to Members' demands for more focussed and meaningful performance measures which concentrate on outcomes and impact rather than just outputs and activity. Ways in which reporting can become streamlined will also be considered.

Consultation with Members

10. During January, consultation meetings were held to offer Service Committee Chairmen early sight of proposals for revising corporate and business planning, including the new template for high-level departmental plans. A copy of the slides used is attached at Appendix 1. The proposals were generally received very positively, and a number of helpful suggestions and comment were made. These have been fed back to Chief Officers and their business planners working on the high-level plans.
11. Feedback has been provided to all Members in the January Members' Briefing and in an email on 8 February, which also included a copy of the presentation made and a summary of the discussions.

Key Milestones and future updates

12. The following key activities will take place over the next few months:

February	Service Committees receive draft high-level departmental plans for comment on the format and content (Where Committees do not meet, the draft high-level plans will be sent to the current Chairmen and Deputy Chairmen)
March	Court of Common Council Elections
May	Member consultation on the draft Corporate Plan
May/June	Service Committees receive high-level and detailed 2017/18 Business Plans for approval

13. Further updates will be submitted to this Sub Committee as the work programme progresses, including Service Committee feedback on the format and content draft high-level departmental plans, and proposals for monitoring and reporting performance against business plan key performance indicators.

Conclusion

14. Good progress is being made on the development of proposals for the revised corporate and business planning process. Since the last meeting, the proposals have been positively received by Chief Officers; their business planners, and Service Committee Chairmen. Further consultation is being scheduled for all Members after the Common Council elections, following which external stakeholders and partners will be engaged. Regular updates will be provided to this Sub Committee as this work progresses.

Appendices

- Appendix 1 – Presentation for Service Committee Chairmen

Neil Davies

Corporate Performance Manager, Town Clerk's Department

T: 020 7332 3327

E: neil.davies@cityoflondon.gov.uk

Business Planning 2017/18

Kate Smith
Head of Corporate Strategy
and Performance



Agenda

- Introductions
- Purpose of the meeting

For comment:

1. The proposed corporate and business planning framework
 2. Process, design principles and format
 3. Timescales for development, clearance and publication
 4. Next steps including communications
- Any other business



Aims of the proposed approach

- To get everyone working towards overarching long-term outcomes, with clear links through the ‘golden thread’:
 - Corporate Plan
 - Departmental Business Plan
 - Divisional/Team/Annual Plans
 - Individual Staff Appraisals
- To develop a business plan template that meets the needs of Service Committees and the Resource Allocation Sub Committee

Strategy and performance working together

How will we get there?



What are we aiming for?

What will we do?



How will we know we're on track?



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Corporate Plan framework

CORPORATE PLAN FRAMEWORK	VISION & MISSION	CURRENT REALITY	REVIEW OF CURRENT WORKSTREAMS	OPTIONS, OBSTACLES & OPPORTUNITIES	ASSETS, STAKEHOLDERS & PARTNERS	STRATEGY
Workstreams (existing and emerging) N.B. All for example only	What we are aiming for [TO-BE]	What is it like now? - Aligned with vision - Counter to vision - Vision neutral [AS-IS]	What are we / others doing already to help achieve the vision? What is working well and what isn't? What are the obstacles / gaps / limiting factors?	What needs to change to achieve the vision? What haven't we tried / have others tried / found? What else could we try? How might we unblock / optimise?	What do we currently lack? What expertise / learning / contacts can we bring? Who else do we need? Who else might be interested? What might be in it for them?	How we will achieve it [5 / 10 / 15 yr plans]
PLACE led						
PROSPERITY led						
PEOPLE led						
Strategic Resources						
Customer Services						

BUSINESS PLAN FRAMEWORK	DELIVERABLES ROADMAP		TRACKING PERFORMANCE <i>(Outcomes and benefits linked to vision)</i>		EVALUATION	APPLICATION OF LEARNING and change control	OWNERSHIP (golden thread)
	What we will do...	by when	What we'll measure to know...	how we're doing			
Workstreams (existing and emerging)							Who is responsible
PLACE led							
PROSPERITY led							
PEOPLE led							
Strategic Resources							
Customer Services							



Document hierarchy

Corporate and Business Plan document hierarchy

No.	Product / template and period covered	Audience and purpose	Message	Corresponding content	Format and storage	Static / working document	Frequency	Owner Officer & Member
1.	Corporate Plan 2018 - 2023	External and internal <i>Comms</i>	<ul style="list-style-type: none"> Who we are What we're aiming for How we'll get there 	<ul style="list-style-type: none"> CoLC Corporate outcomes Top level strategies 	A3 2-sided colour pdf	Static	Published every five years Reviewed annually	TC & Summit Group to P&R & CoCo
2.	Strategic Steering Group ToRs, updates and dashboards 2017 - 2022	Internal only: Summit Group <i>Strategic alignment</i>	<ul style="list-style-type: none"> Who we are What we're aiming for How we'll get there Where we are / expect to be What we'll commission by when 	<ul style="list-style-type: none"> Steering Group name Relevant corporate outcomes Top level strategies Outcome dashboards Commissioning programme (gaps) 	Narrative with Excel dashboards	Working	Reported and refreshed quarterly <i>Dashboards</i>	Steering Group Chairmen reporting to Summit Group
3.	High-level Departmental Business Plan 2017-2018 plus emerging changes for following 1-2 years	External Internally: Summit Group Service Cttees DMTs & officers <i>Comms</i>	<ul style="list-style-type: none"> Who we are Our purpose What we're aiming for How we'll get there What we'll do 	<ul style="list-style-type: none"> Dept. Mission statement Corporate outcomes Dept. objectives showing alignment to corporate outcomes Project / team objectives showing alignment to corporate outcomes 	A3 2-sided colour pdf to hand out and stick on office walls On intranet add org chart, photos plus drill down for more details	Static	Published annually	COs reporting to TC / Summit Group and then Cttees
NB: For the Town Clerk's Department: Overall High-level Departmental Business Plan to be supported by High-level plans for main functional areas.								
4.	Detailed Divisional Business Plan Working document 2017-2018 plus emerging changes for following 1-2 years	Internal only: Summit Group Service Cttees DMTs <i>Management and progress reporting by outcome / Ctee</i>	<ul style="list-style-type: none"> Who we are What we'll do by when What we'll measure to know if we're on track How we'll develop to achieve more next year And beyond 	<ul style="list-style-type: none"> Dept. Dept. objectives showing alignment to relevant corporate outcomes Progress with objectives, impact on outcomes in corporate plan and use of resources Dept. development plan linked to Dilts' capabilities Annex with emerging plans for next 2/3 years 	Report with Excel tables and dashboards On SharePoint	Working	Reported and refreshed quarterly <i>Dashboards</i>	COs reporting to TC / Summit Group and then Cttees
5.	Divisional / Team / Project Work Plan(s) 2017-2018 plus emerging changes for following 1-2 years	Internal only: CO Managers Officers <i>Management</i>	<ul style="list-style-type: none"> Who we are What we'll do by when What we'll measure to know if we're on track How we'll develop to achieve more next year 	<ul style="list-style-type: none"> Team Team / project objectives showing alignment to dept. objectives and corporate outcomes Impact on outcomes in corporate plan and use of resources Team development plan linked to Dilts' capabilities 	Excel tables and dashboards On SharePoint / in team folders	Working	Reported and refreshed monthly	Team managers reporting to senior managers and up to COs
6.	Staff Appraisal Forms 2017-2018 plus emerging changes for following year	Managers and officers <i>Management</i>	<ul style="list-style-type: none"> Who I am What I'll do by when What I'll demonstrate to show if I'm on track How I'll develop to achieve more next year 	<ul style="list-style-type: none"> Name and role Objectives showing alignment to relevant team and dept. objectives and corporate and outcomes Dilts' capabilities – 4Rs, 4Ps, (3Gs) Development plan linked to Dilts' capabilities 	Word tables Managers' folders	Working	Reviewed and refreshed monthly Reported half-yearly	Staff members reporting to line managers

Corporate planning process

- The draft corporate plan (2018-23) is currently being developed by the Head of Corporate Strategy & Performance working closely with:
 1. Chief Officers via the People, Place and Prosperity Steering Groups, and
 2. Business planners working on high-level business plans, to provide the golden thread
- Member consultation will commence shortly and draft corporate plan outcomes will go to RASC in June to inform budget setting for 2018/19
- Publication is planned for Spring 2018



Business planning process

- High-level and detailed business plans are being developed now
- The high-level plans will be amended to reflect your comments and drafts will be brought to Service Committees before the election (where possible)
- These will be used to inform the outcomes in the corporate plan and budget setting
- Detailed business plan formats are not changing for 2017/18 and will be submitted with the high-level plans post-election



Design principles for high-level business plans

- Members have requested a consistent, 2-page template be used to enable RASC to read across all plans and so that everyone can see the ‘golden thread’
- One high-level plan per department
- Every department has a business plan that aligns with the corporate plan (a small number of exclusions apply)
- All types of activity are referred to, including projects, development plans and pipeline

High-level business plan template

Page 1

Department Name

We [insert mission]		
Our ambitions are: <ul style="list-style-type: none">•	What we do is: [describe functions] <ul style="list-style-type: none">•	Our budget is: [top level breakdown of local risk and projects – aligned to list of functions]
Our top line objectives are: To [insert list of service deliverables] <ul style="list-style-type: none">• To [insert list of department's deliverables within corporate programmes and projects] <ul style="list-style-type: none">•		What we'll measure: [KPI targets – aligned to top line objectives]



High-level business plan template

Page 2

LONDON

Department name

<p>To [[insert list of department's deliverables within departmental / service programmes and projects]]</p> <ul style="list-style-type: none">• <p>How we plan to develop our capabilities this year [[list deliverables]]</p> <ul style="list-style-type: none">•	<p>What we'll measure:</p> <p>[[KPI targets – aligned to top line objectives]]</p>
<p>What we're planning to do over the following two years [[list horizon scan, analysis, how we'll work differently, collaborations, innovation]]</p> <ul style="list-style-type: none">•	



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Timeline

PLANNING CYCLE TIMELINE

Month	December 2016	January 2017	February	March	April	May	June	July	August
CORPORATE PLAN	Task	Development of Vision & Key Ambitions	Develop ambitions into prioritised 5 year outcomes			Alignment of Corporate Plan ambitions with emerging priorities from Departmental Business Plans		To Dec: Strategic re-alignment to inform resource allocation (budgets, 2018-19 business plans, HR, IT, Accommodation)	
	Reporting	Update to: Summit Group 20/12 Chief Officers Group 21/12	Committee Chairmen 9/18/24 Jan		Elections 23/3/17		Draft to: Summit Group 24/5 Resource Allocation Sub 23 – 24/6		
	Purpose	Agreement to approach – new 'Golden Thread'	Agreement to approach – new 'Golden Thread'				For comment	For comment and to inform budget setting	
DEPARTMENTAL BUSINESS PLANS	Task	Introduction to Business Planners 9/12 - sharing of draft ambitions and draft business plan template	Share revised BP format with business planners	Development of draft Departmental High Level plans		Personal Objective Setting	Development of Departmental Business Plan Working Documents		Start of 2018-19 business planning; to inform budget setting and resource planning for 2018/19
	Reporting	Presentation of draft template, etc: Summit Group 20/12 Chief Officers Group 21/12	Committee Chairmen 9/18/24 Jan	Reporting draft High Level plans to: Service Committees (where possible)	Elections 23/3/17		Reporting High Level plans to: Service Committees tbc		
	Purpose	Consult on template, document hierarchy and timetable	Consult on template, document hierarchy and timetable	Review and feedback on High Level plans			Approval and adoption of High Level plans		

Note: January – April 2018: Publish new corporate plan including strategies for achieving outcomes (2018-2023)





Next steps

- January: consultation with Chairmen
- End Jan: template to be shared in Members' Briefing
- Pre-election: draft high-level business plans to Service Committees
- End Feb: how vfm is being driven through business plans
- Post-election: high-level and detailed business plans to Service Committees

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Committee: Efficiency and Performance Sub-Committee	Date: 17 February 2017
Subject: Implementation of new Service Based Review Contract Management interventions – progress report	Public
Report of: The Chamberlain	For Information
Report author: Chris Bell, Commercial Director, Chamberlain's	

Summary

This report provides Members with an update on the implementation of the Service Based Review recommendations approved at Efficiency and Performance Sub-Committee in March 2016.

The recommendations centred on five key work-streams to be implemented, below is a summary of the progress to date:

- a. **Governance:** An agreed governance structure is in place including a recommendation that Member governance is via Finance Committee.
- b. **Process: Develop a Corporation Contract Management toolkit:** A draft framework document has been consulted with senior officers, heads of finance and contract managers throughout the Corporation. The final draft is scheduled to be completed and published by the end of February 2017. This is the overarching management and process manual that will be used corporately.
- c. **Approach:** The framework will define the level of intervention and contract management tasks to be completed regularly based on a matrix that balances the contract value with risk and business continuity requirements.
- d. **Establish a Commercial Contract team:** Establishment Committee and Policy and Resources Committee approved the additional posts and budgets in July 2016. Since then, all job descriptions, person specifications and grading have been approved by the corporate Job Evaluation process. Currently we have one person in post, two joining in February and one in March, with recruitment ongoing for two roles.
- e. **Learning and Development:** To date we have been in dialogue with training providers of both online e-courses and traditional trainers to consider a blend of learning and development from awareness through to detailed training for contract managers. A final recommendation on how this will be delivered is due by the end of February 2017.

Finally I have been building an initial pipeline of contract management and commercial opportunities during the last six months and, with the team now onboarding, there will be early opportunities to realise efficiencies, savings or cost avoidance in 2017/18. A report on these opportunities will be provided to the Efficiency and Performance Sub-Committee in May 2017.

A more detailed update on each element set out above can be found in paragraph 3 of the main report.

Recommendation

Members are asked to note the progress report.

Main Report

Background

1. This report provides Members with an update on the implementation of the Service Based Review recommendations that were approved at Efficiency and Performance Sub-Committee, Finance Committee, Establishment Committee and Policy and Resources Committee between April and June 2016 as part of the Strategic Asset Management programme. The recommendations were to address the current risks associated with poor contract management and build a framework and commercial intervention that allows leading class contract management to be developed and launched in April 2017.
2. The recommendations centred on five key work-streams to be implemented, they were:
3.
 - a. **Governance:** Creation of an appropriate governance structure that provides strategic direction, corporate decision making and monitoring of supplier performance that works in line with the Strategic Asset management intelligent Client model.
 - b. **Process: Develop a Corporation Contract Management toolkit.** The toolkit would define roles and responsibilities for all officers across every department and help us develop performance monitoring frameworks, identify our key suppliers and develop a set of corporate KPIs.
 - c. **Approach:** Manage contracts via a blended approach as one size cannot fit all with the amount of suppliers the Corporation has and the breadth of services required. The levels of support resource will be commensurate with the category of supplier, with the most intensive support provided on contracts with high value, high risk or efficiency and savings opportunity.
 - d. **Establish a Commercial Contract team:** Establish a new unit that acts as the corporate commercial resource in line with the recommended Approach. The unit should seek to bring greater 'commercialism' to the entire organisation and attract a suitable blend of private/public sector skills.
 - e. **Learning and Development:** Alongside the "to be" developed toolkit, any officer working in a contract management role will be trained to ensure they are equipped to take on the accountability for contract management duties commensurate to the Category of supplier contract.

Current Position

3. The implementation of the approved interventions commenced in August 2016, the current position of each is summarised below:
 - a. **Governance:** The contract management framework and service will be the responsibility of the Commercial Director (Chamberlain's) and will be governed by the following officer groups; Procurement Steering Group, Strategic Resources Group and Summit Group. Member governance will be through Finance Committee and relevant Sub-Committees.
 - b. **Process: Develop a Corporation Contract Management toolkit:** There has been a draft framework document produced and consulted with senior officers, heads of finance and contract managers throughout the corporation. The final draft is scheduled to be completed and published by the end of February 2017. This is the over-arching management and process manual that will be used corporately. Additionally a toolkit, which is the templates, guides and user manuals needed to deliver the framework are to be developed using existing toolkits in the marketplace. We are user testing two at present, a Crown Commercial Services Toolkit and a Sheffield City Council toolkit, as our research found these were two of the most highly used and rated. We will have the toolkit selected and tailored to Corporation requirements for mid-March 2017.
 - c. **Approach:** The framework will define the level of intervention and contract management tasks to be completed regularly based on a matrix that balances the contract value with risk and business continuity requirements. Each contract will be assessed in line with the matrix and have a recommended contract management profile.
 - d. **Establish a Commercial Contract team:** Establishment Committee and Policy and Resources Committee approved the additional posts and budgets in July 2016. Since then, all job descriptions, person specifications and grading have been approved by the corporate Job Evaluation process. Recruitment commenced in November 2016, to date interviews have taken place for six new roles. Currently we have one person in post, two joining in February and one in March. Two roles were unsuccessful in finding suitable candidates and are back out to market, including the Assistant Director role which will have day to day responsibility of the service. In addition to the six new established roles, there has been an internal transfer (within Chamberlain's) of a IT Supplier Manager role from IT to this new team, as it was deemed a role more in line with the new commercial contract management tasks.
 - e. **Learning and Development:** To date we have been in dialogue with training providers of both online e-courses and traditional trainers to consider a blend of learning and development from awareness through to detailed training for contract managers. A final recommendation on how this will be delivered is due by the end of February 2017 with a range of training and

development sessions scheduled between April and October 2017 in our existing implementation plan.

4. Finally I have been building an initial pipeline of contract management and commercial opportunities during the last six months and with the team now onboarding, there will be early opportunities to realise efficiencies, savings or cost avoidance in 2017/18. A report on these opportunities will be reported to the Efficiency and Performance Sub-Committee in May 2017.

Conclusion

5. The implementation of the SBR contract management recommendations is progressing in line with the plan to launch the service in April 2017. Members of the newly established commercial unit have started joining the Corporation and a framework and supporting toolkit is in draft format and projected to be finalised by the end of February 2017. Overall the status of the implementation is green with the only challenge being able to secure an Assistant Director to run the service, this role may not be recruited in advance of the April go live.

Background Papers

City Procurement restructure to incorporate new Commercial Contract Management team – Establishment, Policy and Resources and Finance Committees – July 2016

Service Based Review of Procuring and Managing Services Final Report – Efficiency and Performance Sub-Committee – March 2016

Chris Bell

Commercial Director, Chamberlain's

T: 020 7332 3961

E: christopher.bell@cityoflondon.gov.uk

Committee: Efficiency and Performance Sub Committee	Date: 17 February 2017
Subject: Chartered Institute of Public Finance and Accountancy (CIPFA) Value for Money indicators 2015/16	Public
Report of: The Chamberlain	For Information
Report author: Caroline Al-Beyerty and Mark Jarvis, Chamberlain's Department	

Summary

This report outlines the CIPFA Public Sector Corporate Services Value for Money (VFM) Indicators for Finance and Human Resources (HR) and for 2015/16 (the latest available statistics) and compares movements to the previous two years. The comparator base used is other London Boroughs.

Overall both Finance and HR score well on embedding modern practices and on impact in the organisation, reflecting the high quality of the service provided. Both departments are relatively high cost compared to other local authorities in the comparator group due to the nature of our corporate structure and the mix of work undertaken. However, the relative cost, compared to the size of the organisation, of both services has fallen from the previous year.

Recommendation

Members are asked to note the report.

Main Report

Background

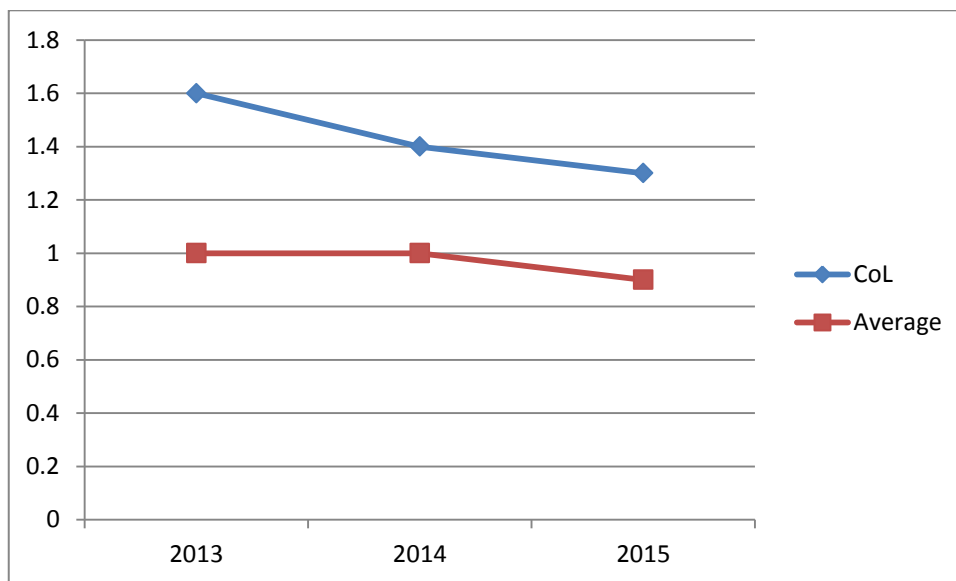
1. Members have previously been presented with the CIPFA Public Sector Corporate Services VFM Indicators for the Finance, HR & Legal Services functions in 2014/15.
2. The CIPFA data for 2015/16 for Finance & HR is now available and the standard key performance measures are presented in summary form in Appendix A for Finance and Appendix B for HR.

Finance

3. The Public Sector Corporate Services VFM Indicators for Finance Services in 2015/16 compare the City of London Corporation data with seven London boroughs (Barking, Barnet, Haringey, Harrow, Havering, Newham and Waltham Forest). The key messages from the analysis are:
 - Although the City Corporation still appears expensive on elements of the economy and efficiency indicators the position has improved again from last year;

- Many of the secondary indicators around the efficiency of the Finance function remain as positive as they were in 2014/15;
- 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 Corporation, like the majority of the comparator group, has not attempted to align spend to outputs; and
- Modern practices are well embedded compared to other authorities.

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 1.3% of the overall organisational spend. This is an improvement on the previous year's 1.4% figure, but is still a 'red light' in CIPFA terms as it compares unfavourably with an average now down to 0.9%. The Committee structure of the City Corporation 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. The movement in this statistic for the last three years is shown in the graph below.



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 still has one amber light issues (compared to two last year) in that the proportion of spend on transaction processing is deemed too high. However this indicator is moving in the right direction compared to the previous year. There has been a gradual reduction in the number of Accounts payable posts as staff turnover has allowed. The benefits of No PO no Pay and this year a push on the electronic invoicing has enabled efficiencies to be made. Savings have been made in 2016/17 and a further initiative is planned for 2017/18 through introducing an invoice scanning and capture project

6. Indicator FS6 shows the cost of accounts payable to still be high when compared to the group. However, greater purchase order compliance, higher levels of P.O. for easy matching, e-Invoicing and a greatly reduced amount of suppliers contracted has seen this cost reduce significantly since the previous year and this trend should continue.
7. Indicator FS9(a), which shows the percentage of invoices for commercial goods & services paid by the organisation within 10 days of receipt, has improved over the last year. The CoL figure is 86.0% compared to 83.0% last year and is much better than the London average of 78.8%, mainly driven by much higher use of purchase orders across the organisation. Similarly the City Corporation stands at 96% compared to an average of 90.8% for FS9(b), which shows the % of invoices paid for commercial goods & services within 30 days of receipt.
8. Indicator FP4 relates to the percentage 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. The City Corporation has not attempted to outline spend to outputs in the past as it is not clear that any benefit derived would outweigh the resources necessary to implement such a review - there are other priorities for transformation at present.
9. Indicator FS1 sets out the percentage of finance staff that are professionally qualified. The City Corporation figure is 26.5%, slightly higher than the figure of 25.7% last year but still below the London average of 38.3%. 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 15.2%. Whilst this remains well below the London average of 24.3% it has increased from 13.9% in 2014-15 and 11.0% in 2013-14. There has been a large overall increase in the value of invoices raised in the last year - £138.7m 2015/16 compared to £117.9m 2014/15 which has had an impact in general terms. The department with the largest increase in arrears over 90 days is the City of London Police. However, the majority of this is down to two disputes. The second biggest increase was the City Surveyors which arose out of a dispute around works to the Guildhall premises.
11. The City also scored very well for using modern finance practices as set out in Indicator FP7 with a score of 10 out of 10, having now embedded annual customer satisfaction surveys which the Chamberlain instigated last year.

Human Resources

12. The Public Sector Corporate Services VFM Indicators for Human Resources in 2015/16 compare the City Of London Corporation data with eight London

boroughs (Barking, Barnet, Hackney, Haringey, Harrow, Newham, Redbridge & Waltham Forest). The key messages from the analysis are:

- The City Corporation appears expensive on the economy and efficiency indicators
- The City Corporation invests in employees development and has low sickness rates. Notably staff turnover has risen over the last year; and
- Modern practices are well embedded.

13. 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 Corporation figure of 0.84% is above the average of 0.73%, but is not in the top quartile and has reduced from the previous year.
- Indicator HRP1(b) calculates the overall HR cost per FTE. Against this measure however, the City Corporation is again in the most expensive quartile with a figure of £1,3157 compared to an average of £971.

14. 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 Corporation 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.

15. The cost of agency staff as a percentage of the total pay bill as set out in Indicator HRS2 was 4.8% against an average of 7.9%. This is a significant reduction from the previous year's figure, partly a reflection of the high proportion of consultants then employed to manage and support key projects such as Oracle, Service Based Review and Police IT.

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

- Indicator HRP3 shows the City Corporation (1.4 days per FTE per year) to be above the average (1.3) for investing in employees' development.
- Staff turnover, as shown by Indicator HRP4, is 14.8% which is above the London average of 10.3%. However, this comes after a number of previous years of much lower than average staff turnover. With a number of restructures and efficiencies being implemented this has impacted on the staff turnover.
- Indicator HRP5 shows the average working days per FTE lost annually through sickness at 5.7% to be significantly below the average of 7.9% although slightly higher than the 5.4% last year.

- 100% of staff are reported to have an annual face to face appraisal compared to an average of 72% across other London Boroughs (Indicator HRS9). Note this statistic is based on staff appraised against total staff eligible for appraisal, a change from the previous year when ineligible staff were included.
- Indicator HRS4 which calculates 'Elapsed time from a vacancy to acceptance of an offer' now stands at 47.9 days which is better than the London average of 54.0 days and is an improvement on the previous year.

17. 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.

18. Note that during 2015/16 no User Satisfaction surveys were carried out.

19. The City Corporation also scored very well for using modern HR practices as set out in Indicator HRP7 with a score of 10 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

20. Overall Finance and HR score well on embedding modern practices and on impact in the organisation. However, both departments are relatively high cost compared to other local authorities in the comparator group due to the nature of our corporate structure and the mix of work undertaken. It is, however, important to note in all areas these costs are falling.

21. 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.

22. The Director of HR is focusing on a number of areas to reduce costs going forward as part of the City Corporation's efficiency plan.

Appendices

Appendix A – CIPFA Finance VFM Indicators 2015-16

Appendix B – CIPFA HR VFM Indicators 2015-16

Caroline Al-Beyerty, Deputy Chamberlain

T: 020 7332 1164

E: caroline.al-beyerty@cityoflondon.gov.uk

Mark Jarvis, Head Of Finance

T: 020 7332 1221

E: mark.jarvis@cityoflondon.gov.uk

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		15/16		14/15		13/14	
Primary Indicators		City Of London	Average	City Of London	Average	City Of London	Average
FP1	Cost of the Finance function as a percentage of organisational running costs (expenditure)	1.3%	0.9%	1.4%	1.0%	1.6%	1.0%
FP1 (a)	Cost of transaction processing as a proportion of the finance function	31%	28%	33%	28%	28%	28%
FP1 (b)	Cost of business decision support as a proportion of the cost of the finance function	34%	35%	31%	34%	43%	37%
FP1 (c)	Cost of reporting and control as a proportion of the cost of the finance function	34%	39%	35%	40%	28%	37%
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	16	3	15	3	13
FP3	% of variation between the forecast outturn and the actual at month 12 (absolute values)	na	1.7%	na	2.5%	na	2.9%
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	59.0%	na	66.2%	na	60.0%
Secondary Indicators							
FS1	Professionally qualified finance staff as a percentage of total finance staff (FTEs) undertaking reporting, controls and decision support processes (i.e. exclude those staff involved in transactional processes)	26.5%	38.3%	25.7%	35.5%	22.8%	35.6%
FS2 (a)	Cycle time in days from date of year-end to submission of audited accounts	41	71	30	73	31	73
FS2 (b)	Were the last set of accounts qualified by external audit?	No	No	No	No	No	No
FS3	Cost of Customer Invoicing function per customer invoice processed	£24.02	£18.70	£27.14	£17.46	£20.12	£16.03
FS4	Debtor days	36.4	66.6	39.0	81.5	31.5	75.6
FS5	Credit notes as a % of total customer invoices raised	5.2%	7.8%	5.6%	7.3%	6.7%	7.5%
FS6	Cost of Accounts Payable per accounts payable invoice processed	£10.99	£4.58	£12.10	£4.50	£10.48	£4.28
FS7	Proportion of all payments made by electronic means	97.4%	90.5%	97.3	87.1%	95.6%	86.3%
FS8	Proportion of outstanding debt that is more than 90 days old from date of invoice	15.2%	24.8%	13.9%	29.3%	11.0%	30.8%

FS9 (a)	% invoices for commercial goods & services paid by the organisation within 10 days of receipt	86.0%	78.8%	83.0%	78.0%	60.6%	68.6%
FS9 (b)	% invoices for commercial goods & services paid by the organisation within 30 days of receipt or within the agreed payment terms	96.0%	90.8%	94.0%	90.6%	88.6%	90.0%
FS10	Cost of Payroll Admin per employee paid	£48.07	£46.81	£51.81	£57.66	£51.08	£72.14

		15/16		14/15		13/14	
Primary Indicators		City Of London	Average	City Of London	Average	City Of London	Average
HRP1 (ai)	Cost of the HR function as a % organisational running costs (including L&D)	0.84%	0.73%	0.99%	0.76%	0.57%	0.74%
HRP1 (b)	Cost of the HR function per FTE (including L&D)	£1315	£971	£1087	£896	£930	£924
HRP2	Ratio of employees to HR staff (excluding L&D)	66	146	57	142	58	126
HRP3	Average days per full-time equivalent employee per year invested in learning and development	1.4	1.3	1.5	1.2	1.5	1.5
HRP4	Leavers in the last year as a % of the average total staff	14.8%	10.3%	13.7%	8.7%	6.8%	9.7%
HRP5	Average working days per employee per year lost through sickness absence	5.7	7.9	5.4	7.5	5.6	8.4
Secondary Indicators							
HRS1	Cost of learning and development activity as % total pay-bill	1.4%	0.8%	0.3%	0.7%	na	1.0%
HRS2	Cost of agency staff as a % total pay-bill	4.8%	7.9%	14.9%	8.3%	9.9%	9.1%
HRS3	% posts in the leadership which are filled by people who are not permanent in that position	1.9%	4.7%	na	5.9%	0.6%	6.2%
HRS4	Average elapsed time (days) from a vacancy occurring to the acceptance of an offer for the same post	47.9	54.0	49.1	54.2	88.0	63.7%
HRS5	Cost of recruitment per post filled	na	£1559	na	£1336	na	£1368
HRS6	Reported injuries, diseases and dangerous occurrences per 1000 employees	7.3	5.5	7.3	5.3	3.3	4.7
HRS7	% people that are still in post after 12 months service	74%	79%	74%	80%	82%	83%
HRS8	Cases of disciplinary action per 1000 employees	8.1	14.2	6.9	14.2	14.6	21.8
HRS9	% staff who receive (at least) an annual face to face performance appraisal	100%	72%	94%	72%	96%	69%
HRS10	% leadership posts occupied by women	27%	44%	27%	45%	26%	46%
HRS11	% employees who consider themselves to have a disability	3.5%	4.3%	3.9%	4.4%	3.6%	4.6%
HRS12	% employees aged 50 or over	36%	34%	36%	32%	33%	34%
HRS13	% Black and Minority Ethnic (BME) employees in the workforce	18.6%	36.9%	18.5%	36.6%	16.9%	37.1%

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