

Public Document Pack



Efficiency and Performance Sub Committee of the Finance Committee

Date: FRIDAY, 18 MAY 2012
Time: 2.15pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Roger Chadwick (Chairman)
Ray Catt (Deputy Chairman)
Nigel Challis
Deputy Anthony Eskenzi
Alderman Jeffrey Evans
Deputy Revd Stephen Haines
Anthony Llewelyn-Davies
Deputy Edward Lord
Jeremy Mayhew
Deputy Dr Giles Shilson
John Tomlinson

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Lunch for Members will be served in the Guildhall Club at 1.30pm

Chris Duffield
Town Clerk and Chief Executive

AGENDA

Part 1 – Public Agenda

1. **APOLOGIES**
2. **DECLARATIONS BY MEMBERS OF ANY PERSONAL AND PREJUDICIAL INTERESTS**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 16 March 2012.

For Decision
(Pages 1 - 4)
4. **FUTURE WORK PROGRAMME**
Joint report of the Town Clerk and Chamberlain.

For Decision
(Pages 5 - 8)
5. **TRANSFORMATION AND EFFICIENCY BOARDS UPDATE**
Joint report of the Deputy Town Clerk and the Chamberlain.

For Information
(Pages 9 - 26)
6. **INCOME GENERATION INITIATIVES**
Report of the Chamberlain.

For Information
(Pages 27 - 32)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
10	3
11 - 12	-

Part 2 – Non-Public Agenda

10. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 16 March 2012.

For Decision
(Pages 33 - 34)
11. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

12. **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 & PERFORMANCE SUB COMMITTEE

16 MARCH 2012

Minutes of the meeting of the EFFICIENCY & PERFORMANCE SUB COMMITTEE held at Guildhall, EC2 on Friday 16 March 2012 at 2.15pm

Present

Members:

Roger Chadwick (Chairman)
Ray Catt (Deputy Chairman)
Nigel Challis
Alderman David Graves
Anthony Llewelyn-Davies
Jeremy Mayhew
John Tomlinson

Officers:

Susan Attard	Deputy Town Clerk
Neil Davies	Town Clerk's Department
Claire Sherer	Town Clerk's Department
Daniel Hooper	Town Clerk's Department
Paul Nagle	Chamberlain's Department
Professor Barry Ife (Item 9 only)	Principal, Guildhall School of Music & Drama
Sandeep Dwesar (Item 9 only)	Chief Operating & Financial Officer, Barbican Centre

Part 1 – Public Agenda

1. APOLOGIES

Apologies for absence were received from Deputy Revd Stephen Haines and Gregory Lawrence.

2. DECLARATIONS BY MEMBERS OF PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ITEMS TO BE CONSIDERED AT THIS MEETING

There were none.

3. MINUTES

RESOLVED: That the minutes of the meeting held on 3 February 2012 be approved as an accurate record.

MATTERS ARISING

It was noted that the Sub-Committee had not yet been updated on progress made on improving the use of the CRM database and the Deputy Town Clerk

advised Members that she was confident this was being addressed and would provide an update as a matter of priority.

4. TRANSFORMATION AND EFFICIENCY BOARDS

The Committee were updated on the work of the Transformation & Efficiency Boards since the last meeting. In particular, the benchmarking tools at Appendices 2 and 3 were highlighted:

Local Area Performance Solution (LAPS) Q2 Dashboard

The City Corporation has just started participating in the LAPS which is a London-wide benchmarking tool. LAPS is in the process of being enhanced to include financial data and Value for Money indicators.

The Corporation is generally performing well. Areas of below average performance were reviewed by the Efficiency Board, who requested that the Internal Audit team carry out an assessment. It was noted that performance in these areas had recently improved.

One Member noted that instructions on how to interpret the data would have been useful as Members become accustomed to the format.

LG Inform headline report (as at 7 February 2012)

Members were advised that this report was not considered by the Efficiency Board to be as useful as the LAPS because it contains less recent data than LAPS. In addition, the City Corporation is measured against its residential population so it over-inflates crime figures etc. Officers were in discussion with the Local Government Association about how this can be addressed in the future.

RESOLVED: That the report be received and the iMPower report on Demand Management and Behaviour Change (as referred to in paragraph 11 of the report) be circulated to the Sub-Committee by email as soon as possible.

5. FUTURE PROGRAMME OF THE SUB-COMMITTEE

The Committee considered the future work programme of the Sub-Committee and agreed to the proposals for a new approach to identifying further efficiency savings through cross-cutting reviews (rather than departmental reviews as had been the case). Members were broadly supportive of the approach although were keen to see a detailed work programme for the forthcoming year. Officers intended to meet with the Chairman and Deputy Chairman to discuss these proposals in more detail before the next meeting.

RESOLVED: That the programme of departmental reporting be suspended and the detailed future work programme, along with a report on income generation be presented to the next Sub-Committee meeting.

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

There were none.

7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There was none.

8. **EXCLUSION OF THE PUBLIC**

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

Item No.	Paragraph(s) in Schedule 12A
9	3
10-11	-

Part 2 – Non-Public Agenda

**SUMMARY OF MATTERS CONSIDERED WHILST
THE PUBLIC WERE EXCLUDED**

9. **DEPARTMENTAL REVIEW: GUILDHALL SCHOOL OF MUSIC & DRAMA**

The Committee considered a report of the Chamberlain which set out the Long-term Financial Plan for the Guildhall School of Music and Drama (GSMD). The Chairman then welcomed Professor Barry Ife and Sandeep Dwesar to the meeting and questioned them on the various aspects of the Financial Plan.

RESOLVED: That the School's Long-term Financial Plan be noted.

10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were none.

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

There was none.

The meeting closed at 3.50pm

CHAIRMAN

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Agenda Item 4

Committee(s):	Date(s):
Efficiency and Performance Sub Committee of the Finance Committee	18 May 2012
Subject: Future work programme	Public
Report of: Town Clerk and Chamberlain	For Decision
<u>Summary</u>	
<p>The sub-Committee agreed at its last meeting to move away from a programme of departmental reporting to an approach based around specific issues, or themes. The Efficiency Board has identified a number of possible topics for this revised approach, and this report seeks Members' view on the following proposed issues for further research:</p> <ul style="list-style-type: none">○ Supplies and Services○ Premises costs○ Third party payments○ Central Risk○ Energy○ Channel shift○ Behaviour change and demand management	
Recommendations	
<ul style="list-style-type: none">● Members are requested to endorse the list of proposed issues for further research, as identified by the Efficiency Board.	

Main Report

Background

1. At the last meeting of the sub-Committee, Members agreed to suspend the programme of departmental reporting and requested that officers report to this meeting with a replacement work programme of reviews that cover issues common to a number of, or all departments and will be based on detailed research and analysis around specific themes.
2. This was as a result of a review by the Efficiency Board that concluded that departmental-based reports are not resulting in the identification of further savings or efficiencies.

Current Position

3. The outline programme below has been discussed at the officer Efficiency Board and at the Chief Officers' Performance and Strategy Summit Group. The first "themed" report is on Income Generation Initiatives, presented to today's meeting.

Proposals

4. The following issues are proposed for presentation to future meetings. These reviews would be supported by robust forensic analysis, including performance benchmarking with appropriate external organisations and better use of performance indicators.

Supplies and Services: All funds original budget for 2012-13: £110.6M; 20% of total expenditure

5. An initial analysis will identify those areas that are out-of-scope for PP2P and further detailed analysis will then be carried out on those areas where there is the potential for savings opportunities.

Premises costs: All funds original budget for 2012-13: £95.5M; 17% of total expenditure

6. Three separate areas will be examined:
 - Rationalisation of accommodation within the City (excluding City Police and the Guildhall, which are already covered by specific projects);
 - Rationalisation of accommodation outside the City (including: Open Spaces; Port Health); and
 - Rationalisation of use of accommodation within Guildhall and Walbrook Wharf (e.g. hot-desking, EDRMS, meeting and training rooms)

Third party payments: All funds original budget for 2012-13: £27.3M; 5% of total expenditure

7. Initial analysis will identify areas included within third party payments e.g. voluntary groups; agencies; contractors - these will then be reviewed for savings possibilities.

Central Risk

8. Savings of £745k have already been identified as achievable in 2012/13, with further potential savings of £165k identified for 2014/15.
9. Two expenditure areas have been identified for further work:
 - Grants, levies and precepts (City Fund £1.685M and City's Cash £2.748M); and

- Insurance (which is already work in progress as part of a tendering exercise)

Energy

10. In terms of energy cost/usage reduction, the impact of Corporate Energy Reduction Group and the Energy and Sustainability sub-Committee will be reviewed.
11. Energy generation initiatives will also be researched, following an initiative proposed by the Department of Open Spaces.

Channel shift

12. In June 2010, the Chief Officers' Group approved the City's Channel Strategy and each Chief Officer agreed to designate a named officer to become involved in channel strategy consultation and research. The aim of the Strategy is to develop and encourage the use of alternative customer access methods that are cheaper to provide, relevant to the service, and result in an improved experience for the customer (e.g. use of internet rather than telephone or face-to-face). Research will be carried out on progress to date, including the development of robust metrics on cost and usage, examples of which have been noted from London boroughs.

Behaviour change and demand management

13. Previous reports to this sub-Committee have reported that both the Transformation Board and Efficiency Board have considered this issue, and officers are considering pilot studies in selected areas to test the possible benefits of this approach for the City.
14. In addition to these "themed" reports, the sub-Committee will continue to receive reports as appropriate on the Strategic Reviews; ad-hoc reports as requested by the sub-Committee or suggested by the Transformation or Efficiency Boards; and updates at every meeting on the Transformation and Efficiency Boards.

Conclusion

15. Members are invited to consider the list of areas identified by the Efficiency Board and to suggest additional areas for review.

Background Papers:

Future programme of the sub-Committee - Report of the Efficiency Board to the Efficiency and Performance sub-Committee on 16th March 2012

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Committee(s):	Date(s):
Efficiency and Performance sub-Committee	18 May 2012
Subject: Transformation and Efficiency Boards	Public
Report of: Deputy Town Clerk and Chamberlain	For Information
<p><u>Summary</u></p> <p>Since the last sub-Committee meeting, the Transformation Board and the Efficiency Board have each met twice.</p> <p>The Transformation Board received a presentation on the HR Review, including an update on the second phase of the review and the potential challenges and overlaps with other strategic reviews. It also received a presentation from the new Comptroller and City Solicitor regarding his experiences of cross-borough working, and updates from all of the strategic reviews.</p> <p>The Efficiency Board continues to monitor the achievement of efficiency savings and budget reductions, and the latest position is reported in Appendix 1 to this report. The Board has also considered the future work programme of this sub-Committee; the latest self-improvement and leadership initiatives offered by the Local Government Association and London Councils; the Audit Commission’s recent publication “Local payment by results” and the latest performance benchmarking information from London Councils (LAPS) and the Local Government Association (LG Inform).</p> <p>Recommendation</p> <p>That Members receive this update.</p>	

Main Report

Background

1. At its 23rd May 2011 meeting, the sub-Committee received a report describing the establishment of two officer boards - the Transformation Board (concentrating on change management) and the Efficiency Board (concentrating on the achievement of savings and efficiencies). It was agreed

that an update on the work of each Board would be provided at each meeting of the sub-Committee.

Transformation Board

2. The following issues have been discussed at the Transformation Board, chaired by Susan Attard, since the last sub-Committee meeting.
3. **HR** The Board received a presentation from the HR Consultant which included the findings from phase I, an update on phase II and an analysis of the potential challenges and overlaps with other strategic reviews and major issues.
4. Phase I included grouping services for 15 separate departments into Business Units and establishing Business Partners to support the organisation in meeting its aims. Savings of £150,000 per annum were achieved. The experience of implementing phase I was analysed using the EFQM (European Foundation for Quality Management) model and a variety of other techniques for engaging staff, in preparation for phase II.
5. Phase II is to introduce a single transaction unit, and generate savings of an additional £150,000 per annum. The Board noted that HR had accomplished much in the context of high recruitment levels, limited resources and extremely challenging deadlines.
6. Potential challenges and overlaps with other strategic reviews and events that were identified were discussed, including PP2P, the accommodation review, the expansion of iTrent for recruitment and self-service, and recruitment to senior posts.
7. The HR Consultant noted that successful implementation will result in an HR Service that can provide a more tailored response to customer and client needs, will increase resolution on first contact, and increase capacity for organisational projects.
8. **Cross-borough working** The Board received a presentation from the new Comptroller and City Solicitor on his experiences of cross-borough working from the Tri-Borough initiative (Hammersmith & Fulham, Kensington & Chelsea, and Westminster City Council). He outlined the alternative legal powers available to authorities wishing to share services and the approach selected by the three boroughs. In response to questions from the Board he also discussed the advantages and disadvantages of the different approaches, particularly in relation to employment law issues.
9. It was noted that some services (e.g. Adults Social Care, Libraries and Children's Services) are shared across all three authorities, with others (e.g. legal services, highways & technical services, and environment & residents'

services) shared just by Hammersmith & Fulham with Kensington & Chelsea. The reasons behind this and the differing extent to which different services were integrated were also outlined. The Comptroller noted that some services (e.g. electoral services and committee/member services) had been excluded from any sharing agreement.

10. In response to further questions from the Board, the Comptroller outlined some of the key change management issues that he had experienced. He advised that in considering shared services arrangements it was important to be clear on the purpose and objectives and to have a sound business case. The Board agreed that issues covered during the presentation and subsequent discussions would be very helpful for officers considering the expansion of the existing City Corporation shared services programme.
11. **Updates on Strategic Reviews** The Board receives updates on the key strategic projects at each meeting. Issues highlighted recently include:
 - i. **IS**: The new Chief Information Officer (Graham Bell) is now in post. A draft Service Level Agreement is being developed with Culture, Heritage and Libraries as a template for other departments – the target is to have these agreed by August 2012. Recruitment to vacant posts created as part of phase II (unification) will take place in June. Union consultation has begun on phase III (alternative sourcing options).
 - ii. **PP2P**: Work is underway on the sourcing projects agreed for Year 2. CLPS (City of London Procurement Service) working groups took place during March covering scoping, organisational design and phasing. A report to Chief Officers' Group in May covering the funding model, structure and functions of the CLPS will be followed by reports to Finance Committee, and Establishment Committee in June. The eMarketplace is continuing to make steady progress with more suppliers gradually moving to catalogues.
 - iii. **Strategic Finance Review**: A streamlined action plan has been developed to improve monitoring and ensure key activities are successfully undertaken. Service protocols are to be agreed with each department for the 2012/13 financial year. The main financial processes are to be mapped by the summer recess with the first session completed in April. Work is continuing on improving financial management information and system functionality in consultation with users.
 - iv. **Guildhall Accommodation**: A report on the Guildhall accommodation moves will be presented to the Chief Officers' Group in May, followed by detailed option appraisal to the Corporate Asset sub-Committee and the Projects sub-Committee in June. Consultation with the Unions and a detailed communications strategy will be developed. The project is

expected to be delivered within the £600k budget (excluding staff costs and fees).

- v. Property Facilities Management: The interim restructure for the City Surveyor's Department has been completed and the transition to the new Facilities Management operating model is in progress. The Court of Common Council approved on 19th April the new Building Repairs and Maintenance contracts to start on 2nd July 2012. Awareness training has been held for staff. The minor works and construction work supplier frameworks are currently being tendered.

Efficiency Board

12. The following key issues have been discussed at the Efficiency Board, chaired by Chris Bilsland, since the last sub-Committee meeting.
13. **Local payment by results** The Board considered a briefing published by the Audit Commission, which considers the potential benefits for local authorities of using payment by results, the risks involved and how to mitigate them. Payment by results is identified as a way for the commissioners of services to use financial incentives to stimulate greater effort to improve services and outcomes. As most schemes are at an early stage, the Commission has examined the issues that local commissioners should consider if they are to use payment by results successfully, drawing on some national and international examples.
14. The briefing suggests that there are five principles that any payment by results scheme needs to meet if it is likely to succeed. These are:
 - a clear purpose;
 - a full understanding of the risks;
 - a well-designed payment and reward structure;
 - sound financing; and
 - effective management and evaluation.
15. However, the Commission also warns that that there is no definitive list of services that would be suitable, with effective schemes likely to vary from place to place, depending on local circumstances. The Board requested a summary of the paper to be prepared for a detailed discussion by Chief Officers.
16. **Efficiency and Performance sub-Committee** Following the report agreed at the last meeting, the Board has considered possible issues for review/scrutiny by this sub-Committee, to replace the programme of departmental reviews. This is the subject of a separate report on today's agenda.

17. **London Authorities Performance Management Network (LAPMN)** The Board received an update from the April meeting of the LAPMN, hosted by London Councils. This network provides a useful exchange of information between London authorities, and an update on technical issues. The meeting featured updates on a number of current initiatives from both London Councils and the Local Government Association (LGA) which provide self-improvement and leadership support for local authorities. These include LAPS (London Councils) and LG Inform (LGA) – discussed below.
18. **Local Area Performance Solution (LAPS)** London Councils has recently released the quarter three dashboard for LAPS, a benchmarking tool comparing service performance data from London Boroughs. This is attached at Appendix 2. Thirty indicators are reported, split into five themed groups. The City Corporation’s performance data is in the column headed ‘value’ and shown by the ♦ in the diagram of relative performance, which is divided into quartiles, with the best performance to the right. Green squares represent performance which is quite or significantly above average; red circles represent performance which is quite or significantly below average.
19. Data was provided by the City and 30 London Boroughs – the exceptions being LBs Bromley and Waltham Forest. Of the 27 indicators applicable to the City Corporation, performance in 19 was in the top quartile and above average for a further three, when compared with the other authorities who submitted data.
20. For all areas where the City’s performance fell below the London average the relevant department was required to provide an explanation and further comment to the Efficiency Board. There are four indicators where the City’s performance is in the lowest quartile, as follows:
 - LIS 6: % of children having a child protection plan for the 2nd or subsequent time
21. This indicator is subject to volatility due to the City’s small numbers and the reported figure represents just one client.
 - LIS 9b: average length in days of processing HB/CT benefit change in circumstance
22. The loss of the Benefits Support Officer from April 2011 had a significant effect on the Benefit Section’s performance indicators, with a substantial portion of the Benefits Officers’ time being taken with basic admin duties that had previously been dealt with by admin support. However, since November 2011, the Benefits Team have received administrative support from an apprentice through the City of London Apprentice Scheme. The effect of this

additional support has been very positive and will be reflected in the statistics for quarter 4.

LIS 25a: Determination of minor planning applications, and
LIS 25b: Determination of other planning applications

23. As noted in the last update, performance on these indicators has been reviewed by Internal Audit and the Director of the Built Environment has responded that recent changes would result in an improvement in these indicators, and that these indicators are now part of the department’s routine business plan monitoring. Performance has now improved, as follows:

	Third quarter	Fourth quarter
LIS 25a – minor applications	52%	73%
LIS 25b – other applications	56%	72%

24. **LG Inform** The Board has also considered the latest LG Inform prototype headline report, the benchmarking tool produced by the Local Government Association. This is attached as Appendix 3. Thirty-four indicators are reported, split into six themed groups. The City Corporation’s performance data is in the column headed ‘local value’ and shown by the inverted triangle in the ‘England range’, which is divided into quartiles, with the best performance to the right.

25. As noted previously, the Board has agreed that this tool is less useful for tracking performance than LAPS, but as data is sourced from publicly available datasets rather than being provided by the City Corporation, continuous monitoring is necessary to ensure that the City’s performance is not misrepresented.

3: Violence with injury

26. The figure in LG Inform uses the City’s residential population and is therefore misleading. LG Inform have been asked to recalculate this indicator using the same (daytime) figure used by HMIC – 316,500, which would place the City high in the best quartile. Discussions are continuing, but if not satisfactorily resolved, LG Inform will be requested to mark this indicator as “NA” for the City.

7: Employment Rate

27. This is now marked “NA” as the previous figures were based on a sample of only seven City residents, which is considered too small a sample to produce a reliable result.

26. Timeliness of social care package (unchanged since last report)

28. The City's figure is distorted by the low number of clients. During the period in question, only four clients had their service start more than four weeks after the assessment. Of these 4 clients, one went to stay with their daughter, two were waiting for a placement to become available, and the other wanted to wait for a specific time before receiving services.

30: Time taken to process benefits

29. The figure in LG Inform (36) cannot be reconciled to the City's data, which is showing 17. This would place the City as slightly below average. LG Inform have forwarded their source data which is being reviewed by the Department of Community and Children's Services.
30. **Savings from strategic reviews and other initiatives** Appendix 1 shows the latest position in respect of the savings generated by the current programme of strategic and other reviews, as monitored by the Efficiency Board. Table 1 shows the reviews that have already generated savings during the current financial year (2012/13), along with the anticipated full year savings. Table 2 shows the same reviews, with the savings generated for the City Fund only. Members will recall that a savings target of £5 million per annum was set for the City Fund and this table allows for reconciliation against that target. Table 3 shows the impact of the departmental budget reductions implemented in 2011/12. These are reported separately as they are additional to the £5 million target.

Background Papers:

- *Report of the Chamberlain and Deputy Town Clerk to the Efficiency and Performance sub-Committee of the Finance Committee on 23rd May 2011: Transformation and Efficiency Boards*

Appendices:

1. Savings Schedule
2. Local Area Performance Solution (LAPS) Q3 dashboard
3. LG Inform headline report as at 20th April 2012

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SAVINGS SCHEDULE

Notes:

	Savings shown are not cumulative – they indicate the savings achieved/anticipated in each year.
	Forward figures are at current prices. They should only be inflated if inflation increases are to be provided in future years.
1	Receivable for six years and to be adjusted year on year for net additional dwellings

Table 1: Phase I Savings - all funds	Current financial year £000	Full year impact £000
Street Cleansing	581	581
Trade Waste	334	334
Public Conveniences	143	143
Unaccompanied Asylum Seeking Minors	50	50
HR Review (phases I and II)	300	300
IS Shared Services	428	428
Chief Officer Budget Reviews 2009	2,645	2,645
Barbican Estate Car Parks	197	197
Telecoms	77	77
Security Contract	67	67
Cleaning and Window Cleaning Contract	181	181
PP2P (see separate note below)	tba	tba
Sub-total	5,003	5,003

Table 2: Phase I Savings - CITY FUND ONLY	Current financial year £000	Full year impact £000
Street Cleansing	581	581
Trade Waste	334	334
Public Conveniences	143	143
Unaccompanied Asylum Seeking Minors	50	50
HR Review (phases I and II)	177	177
IS Shared Services	293	293
Chief Officer Budget Reviews 2009	2,498	2,498
Barbican Estate Car Parks	197	197
Telecoms	44	44
Security Contract	40	40
Cleaning and Window Cleaning Contract	51	51
PP2P	tba	tba
Sub-total	4,408	4,408

Table 3: 2011/12 Budget Reductions	Current financial year £000	Full year impact £000
Departmental reductions 2.5%	3,880	3,880
Departmental reductions 10%	13,696	14,035
Museum/LSO/LSSO	800	800
New Homes Bonus (note 1)	268	268
Central Market Rents/Service Charges	tba	tba
Departmental reorganisations	134	550
Golden Lane Leisure Centre		
Contract	(40)	119
Academies support post	(39)	(39)
One-off costs of change	(1,500)	0
Sub-total	177,279	19,613

Notes:

1 | Receivable for six years and to be adjusted year on year for net additional dwellings

PP2P:

Extracts from report of the Chamberlain to Finance Committee 20th March 2011:

The table below gives the detail associated with the projects that have been finalised and approved by Heads of Finance and the Joint Review Board, as well as the value of savings awaiting final approval for the first year:

Quick Wins Category	Value (Year 1) £	Annual Value £	Total Value (5 Years) £
Cash One-Off	104,500	104,500	104,500
Compliance	32,426	67,433	210,129
Rationalisation	100,999	259,268	856,106
Renewal	65,373	451,177	1,870,096
TOTAL	303,298	882,377	3,040,831
Awaiting Head of Finance Sign-Off	101,000	104,718	118,872
GRAND TOTAL	404,298	987,095	3,156,703

The first year savings target was £1.48m; the principal reason for the shortfall is the time it has taken to contract for Building Repairs and Maintenance and Highways Repairs and Maintenance.

The following table show the key metrics for Year 1 in terms of the targets and the actual achievements:

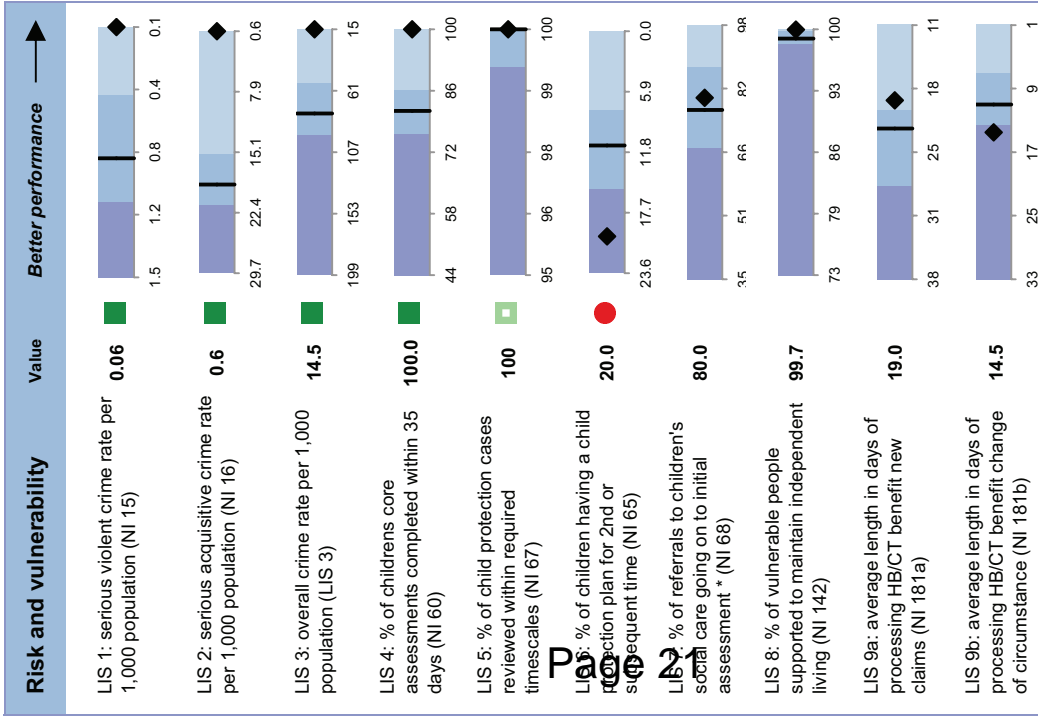
Area	Target £	Achieved £	% achieved
Quick wins savings	1,480,000	404,298	27.3%
Overall contribution to the 5 year target	12,920,000	3,141,703	24.3%
Fixed based fees	1,465,819	1,415,096	96.5%*
Variable (at risk) fees (milestones)	293,163	293,163	100%
Variable (at risk) fees (savings)	1,172,654	239,343	20.4%
Estimated breakeven point	Month 29	Month 31	

* fixed fee varies from estimate due to amended payment schedule for eMarketplace

The estimated breakeven point is currently month 31 (previously month 29); however this does not take account of the actual savings which the Highways Repairs and Maintenance and the Buildings Repairs and Maintenance contracts will generate.

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City of London: London Performance Dashboard: 2011-12 - Q3 Final

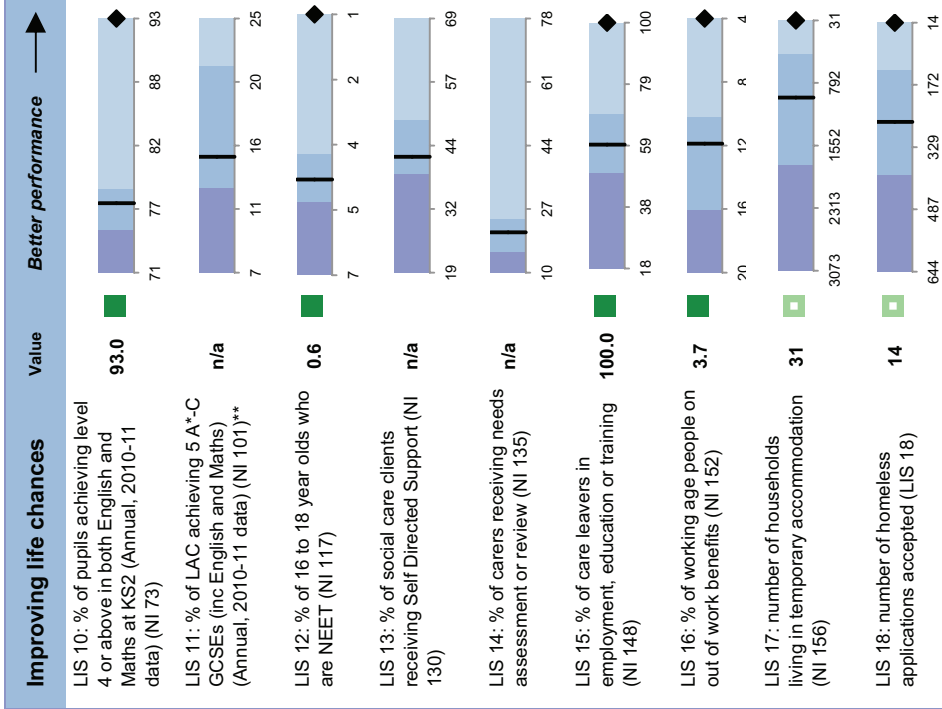


key

- ◆ borough performance
- lower performing 25%
- middle performing 50%
- higher performing 25%

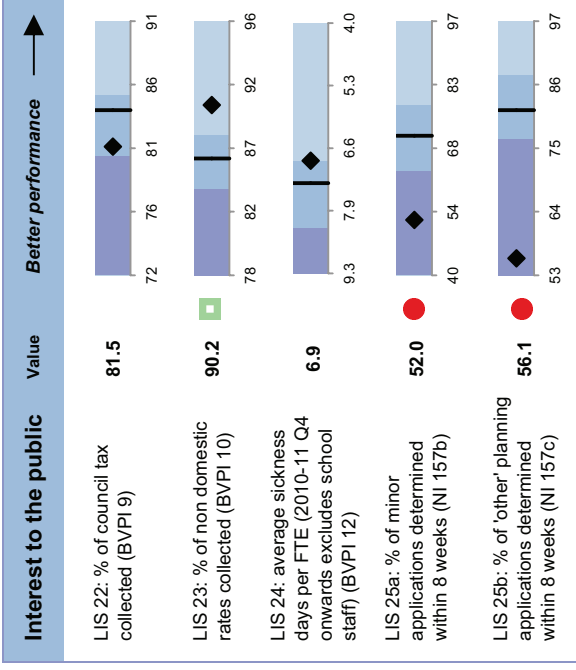
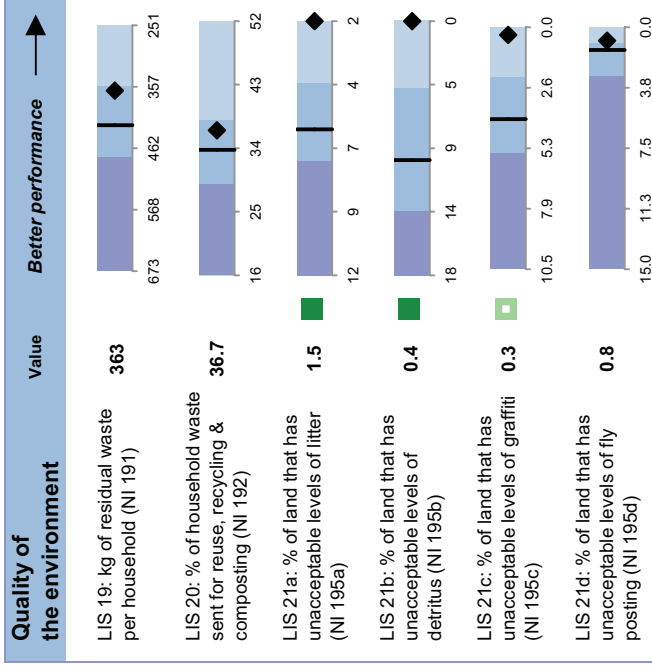
relative performance is:

- quite below average
- significantly below average
- average performance
- higher performing 25%
- quite above average
- significantly above average



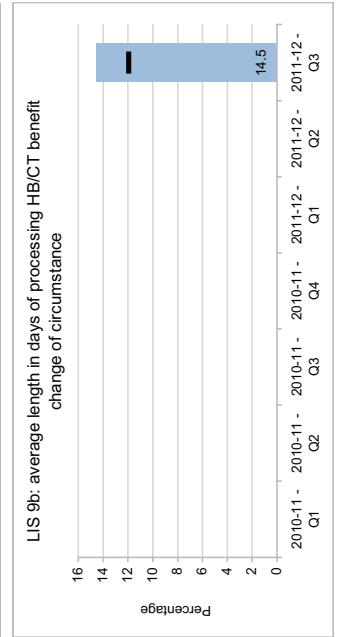
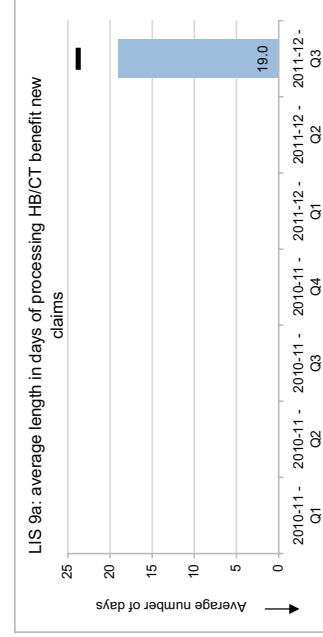
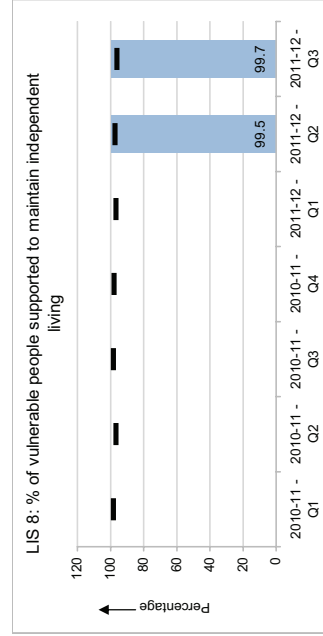
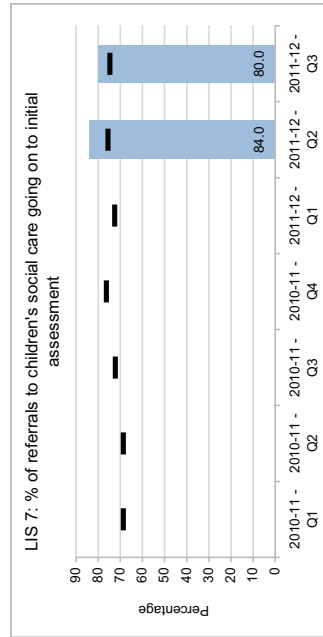
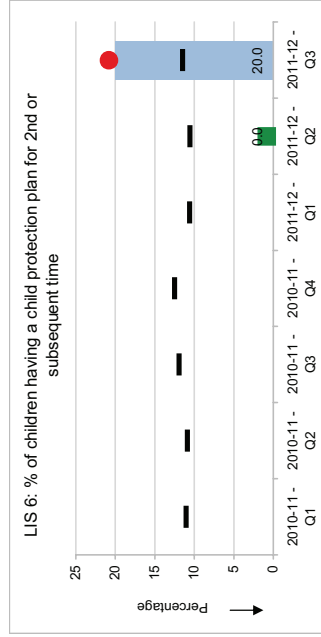
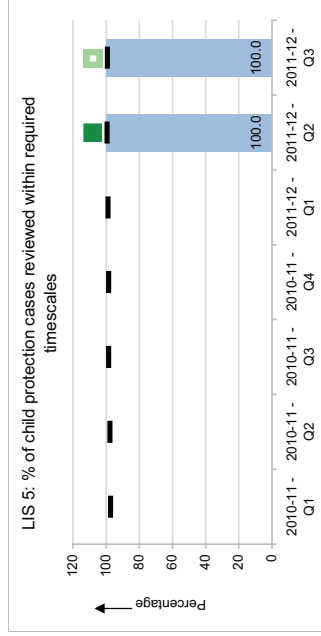
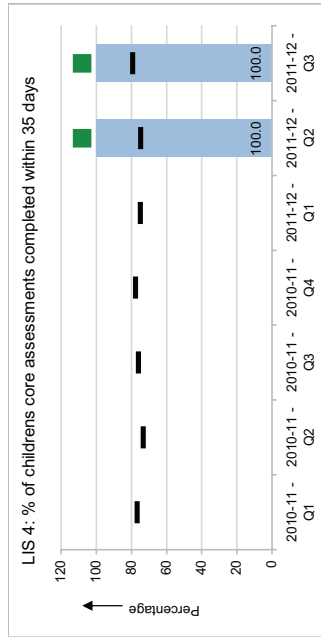
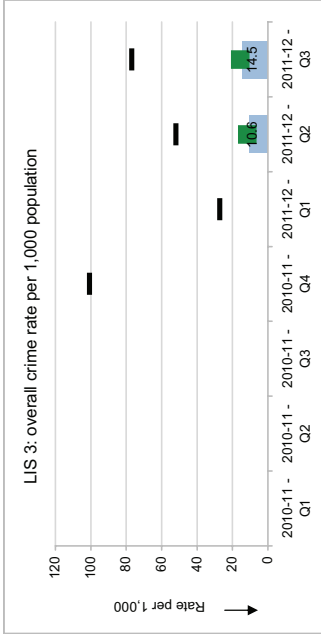
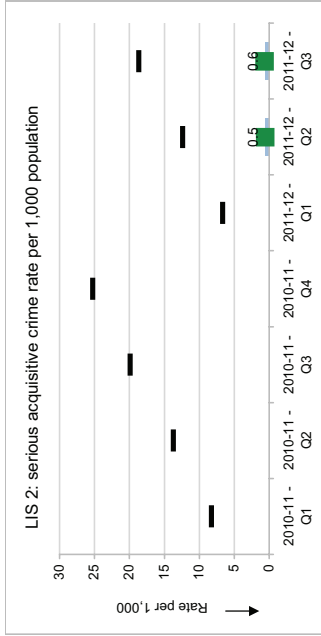
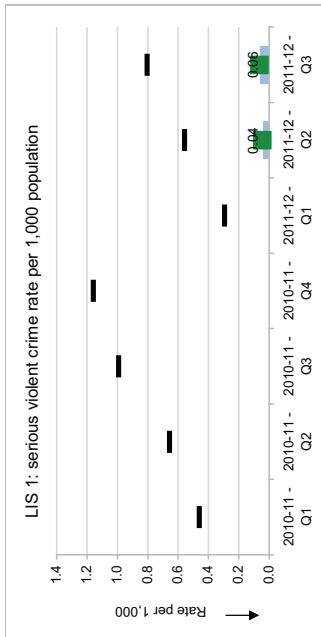
Guidance notes

- The diamond represents performance for your chosen borough. To the right of the black bar represents better than average performance, to the left represents lower than average performance.
- Lower than average performance does not necessarily imply poor performance, and vice versa
- If performance for your chosen borough is significantly different to the average, this is highlighted with a dark red or green dot next to the value. If performance is less significantly different this is highlighted with a lighter dot. Traffic lights are calculated by excluding the top and bottom 5% of values to reduce the effect of outliers. *LIS 7 does not have traffic lights.
- ** This denotes there are fewer than 16 returns for that indicator



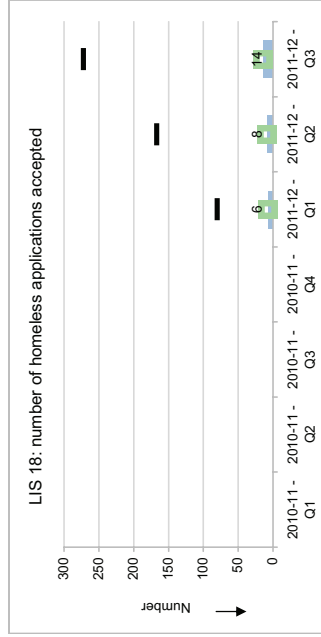
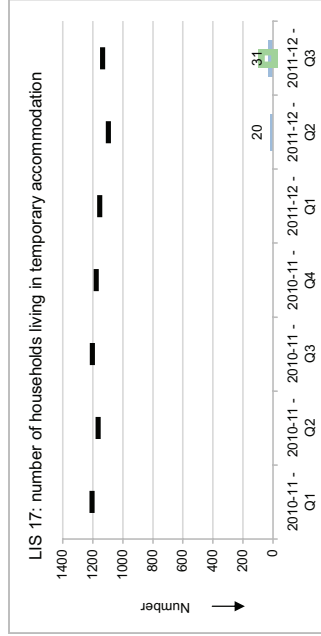
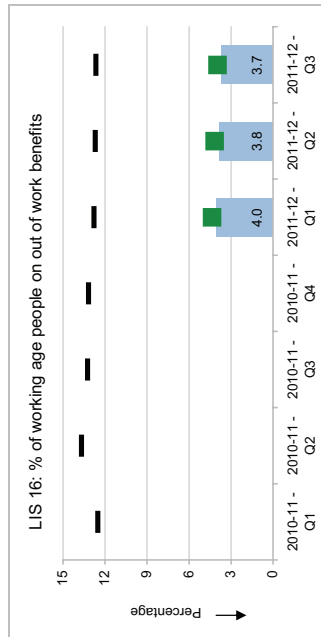
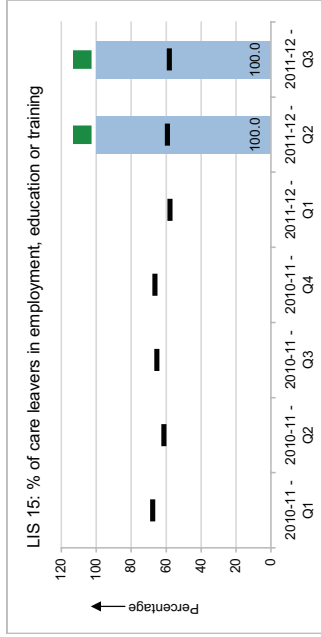
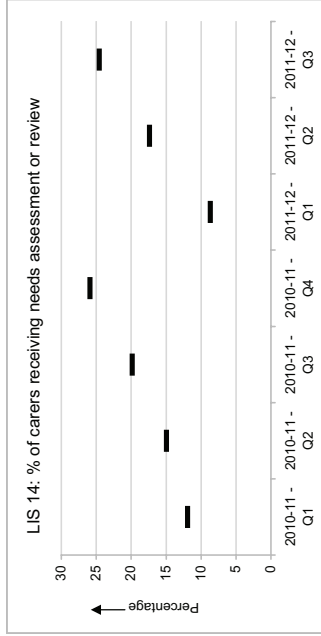
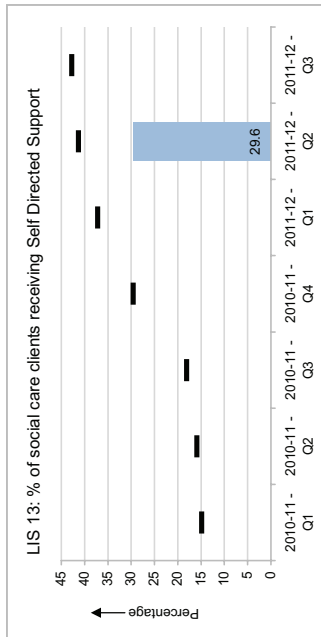
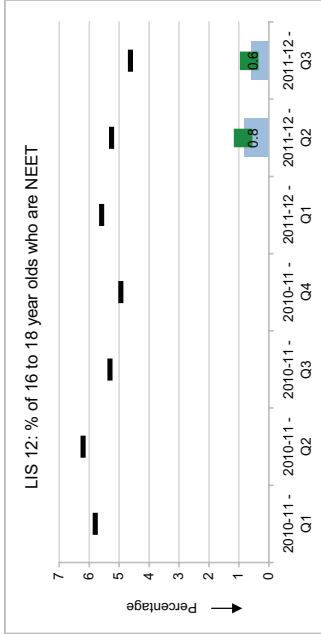
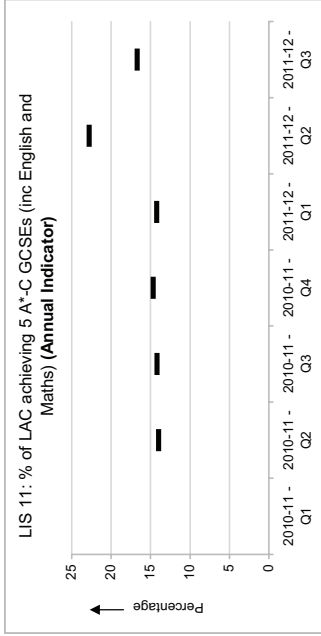
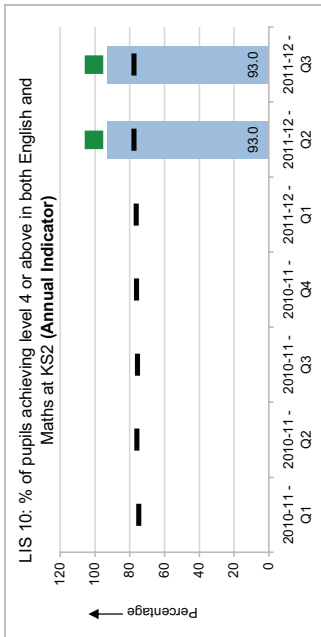
Risk and vulnerability

City of London



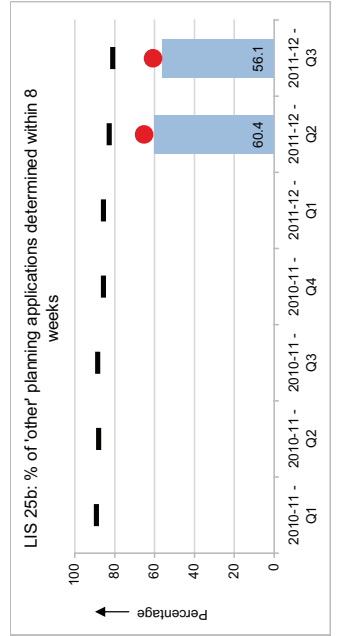
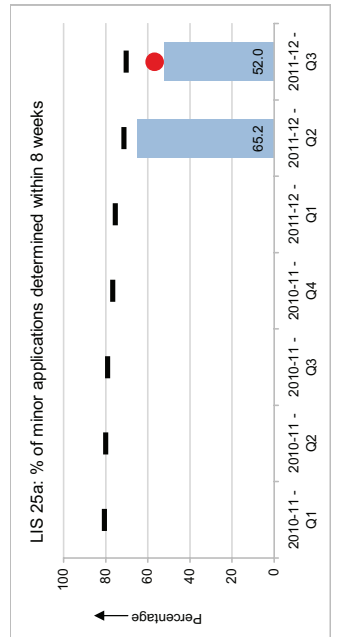
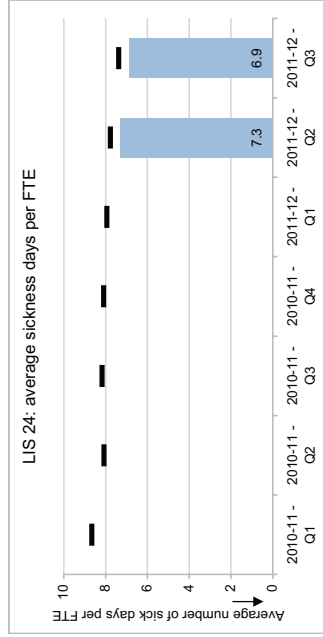
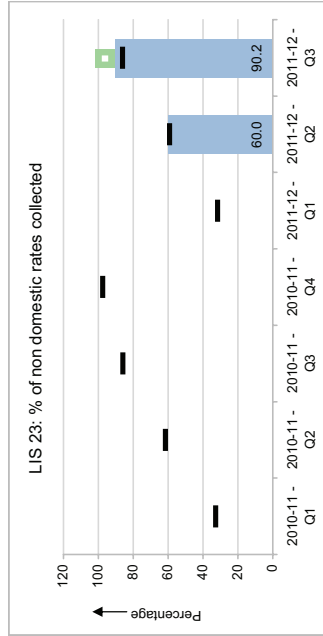
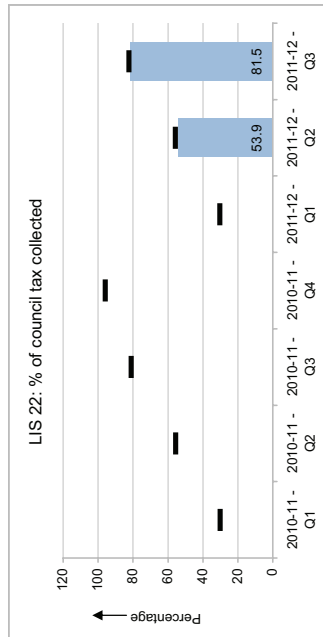
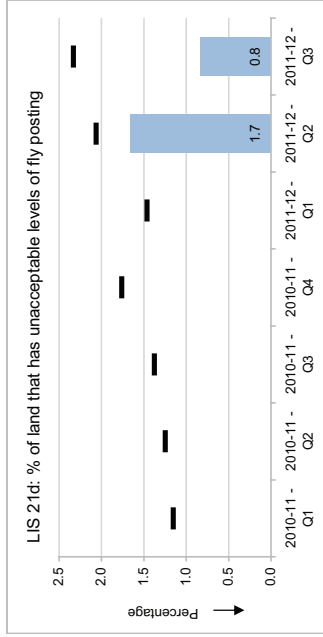
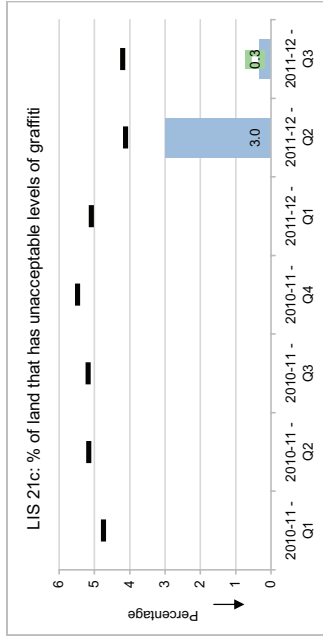
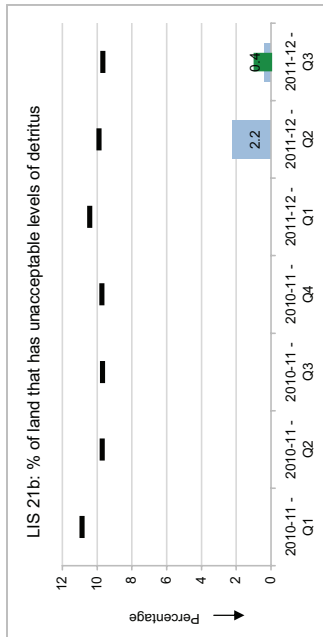
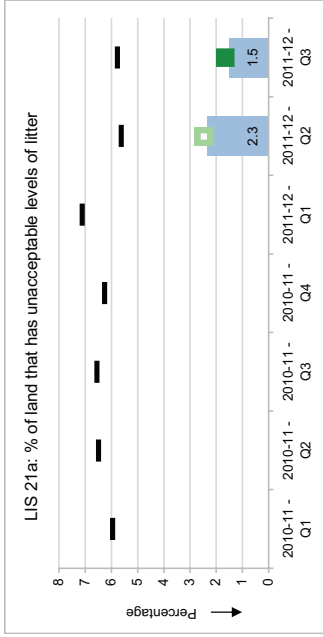
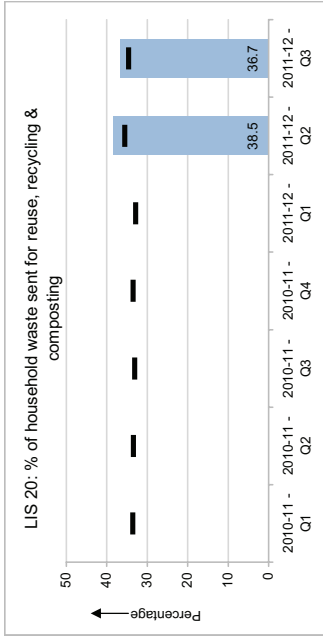
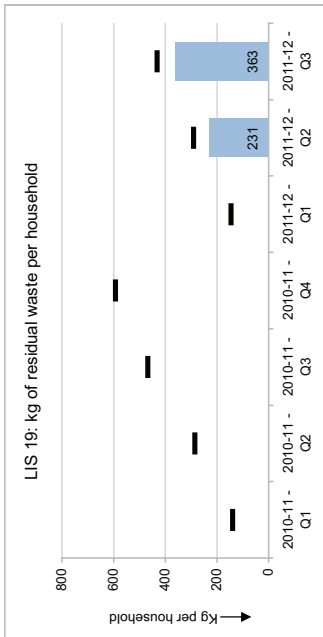
- Borough value
- London average
- Relative performance quite below average
- Relative performance quite above average
- Relative performance significantly below average
- Relative performance significantly above average
- ↑ Arrow shows direction for better performance

All 2010-11 - Q1 values do not have traffic lights due to data quality issues

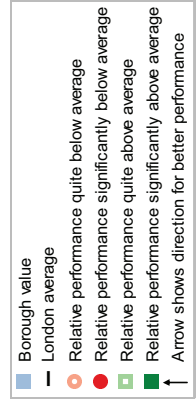


■ Borough value
○ Relative performance quite below average
□ Relative performance quite above average
● Relative performance significantly below average
■ Relative performance significantly above average
 — London average
 ↑ Arrow shows direction for better performance

All 2010-11 - Q1 values do not have traffic lights due to data quality issues



2010-11 - Q4 and onwards - data excludes school staff

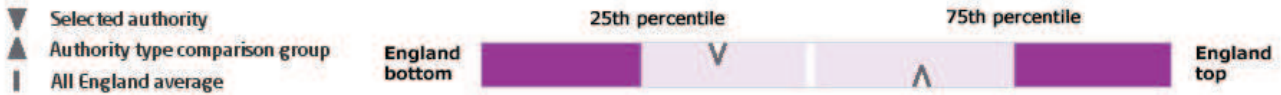


Headline report for City of London

Printed on: 20.4.2012

The following table and chart provide headline figures, from the latest available data, for a prototype list of key metrics for England. These are not intended to be definitive reports for a given theme, but rather common starting points that authorities can build on in considering their local priorities.

The chart shows how your authority compares to the rest of England for each key metric. The result for your authority is indicated by a downward-pointing triangle, with the result by authority type for each metric shown as an upward-pointing triangle. Both figures are displayed on a bar showing the range of results for all England.



	Metric	Local value	Type avg	Eng avg	Eng bottom	England range	Eng top
A safe place to live	Temporary accommodation (1)	0.9	10.8	1.7	31.4		0.0
	Burglary in a dwelling (2)	3.50	7.79	3.70	12.74		0.00
	Violence with injury (3)	26.75	8.62	5.77	26.75		1.64
	Alcohol related hospital admissions (4)	444	495	459	839		227
	Road traffic accidents (KSI) (5)	46	97	101	728		23
	People satisfied with their local area as a place to live (6)	92.4	75.4	81.2	56.0		94.2
Opportunity for all	Employment rate (7)	NA	68.0	71.7	54.6		84.7
	Out of work benefits (8)	3.1	12.4	10.8	22.4		2.0
	NEETs (16-18 year olds) (9)	0.2	5.0	6.1	11.4		0.0
	GCSE achieved (5A*-C inc. Eng & Maths) (10)	NA	61.9	58.2	40.8		74.7
	Care leavers in EET (11)	NA	67.4	61.4	0.0		88.0
	First time entrants Youth Justice (12)	NA	1037	900	2436		343
Environment	Household waste per household (13)	459.27	589.06	534.82	1424.58		280.76
	Household waste recycling (14)	39.03	32.96	40.08	14.02		65.79
Supporting families and young people	Hospital admissions CYP (15)	NA	98.7	120.5	216.8		68.0
	Children's initial assessments (16)	96.2	66.3	67.2	29.1		96.9
	Children's core assessments (17)	100.0	77.3	75.8	40.3		100.0
	Second or subsequent child protection plans (18)	0.0	12.1	13.0	30.0		0.0
	Carers receiving needs assessment (19)	53.8	30.6	30.1	4.0		98.5
	Under 18 conception (20)	NA	37.5	32.8	64.7		6.2
	Care leavers in suitable accommodation (21)	NA	92.3	90.6	0.0		100.0
A healthy and well-supported community	Low birth weight (22)	NA	7.6	7.0	11.5		4.3
	Obesity school children year 6 (23)	NA	21.6	18.2	26.5		9.8
	Delayed transfer of care (24)	0	15	27	194		0
	Timeliness of social care assessments (25)	92.6	88.1	82.8	45.2		100.0
	Timeliness of social care packages (26)	86.7	90.2	90.5	73.1		99.2
	Vulnerable people achieving independent living (27)	78.26	78.22	77.37	0.00		100.00
	Supported to maintain independent living (28)	98.98	98.66	98.50	93.32		100.00
An efficient organisation	Council tax collected (29)	99.38	95.87	97.49	91.71		99.44
	Time taken to process benefits (30)	36	15	13	49		2
	Planning applications minor (31)	NA	71	72	1		98
	Sickness Absence rate (32)	NA	7.7	8.8	14.5		3.6
	Ombudsman complaints (33)	9	82	28	212		0
	People are satisfied with the way the council runs things (34)	72.7	50.0	45.3	22.4		75.3

Definitions

Local value

This is the value for your authority, using the most recently available data.

England average

This shows the mean (the most common measure on average) for a given metric. It is the sum of all relevant values divided by the total number of councils. For metrics 2, 3, 4, 5, 7, 8, 13, 14, 22 and 23 the England average does not include values for counties. This is to avoid double counting.

Type average

This shows the mean score for all councils of the same type as your authority (for example, district, county, London, metropolitan or English unitary). It is the sum of values for all councils of the same type, divided by the total number of them.

England top and bottom

These values provide the minimum and the maximum values for councils within England. The 'England top' will not necessarily represent best performance as, for some variables, a low value may represent good performance (for example, in the metric 'people killed or seriously injured in road traffic accidents').

England range

This shows your authority's value in the context of all English councils' values, which has been divided into quartiles. A quartile is one of the three points that divide a range of data or population into four equal parts. The first quartile is the number below which lies the 25 percent of the bottom data. The second quartile divides the range at the mid-point and has 50 percent of the data below it. The third quartile has 75 percent of the data below it and the top 25 percent of the data above it.

Metric list

1. Number of households living in temporary accommodation per 1,000 households (period: 01-10-2011 - 31-12-2011; unit of measure: Per 1,000)
2. Crime - Burglary in a dwelling (offences per 1,000 population) - quarterly (period: 01-10-2010 - 30-09-2011; unit of measure: Per 1,000)
3. Crime - Violence against the person - with injury (offences per 1,000 population) - quarterly (period: 01-10-2010 - 30-09-2011; unit of measure: Per 1,000)
4. Rate of hospital admissions per 100,000 for alcohol related harm (period: 01-04-2011 - 30-06-2011; unit of measure: Per 100,000)
5. People killed or seriously injured in road traffic accidents (period: 01-01-2008 - 31-12-2010; unit of measure: Number)
6. Percentage of residents satisfied with their local area as a place to live? (postal survey) (period: 01-04-2008 - 31-03-2009; unit of measure: Per cent)
7. Overall employment rate (working-age) (period: 01-10-2010 - 30-09-2011; unit of measure: Per cent)
8. Working age people on out of work benefits (period: 01-07-2011 - 30-09-2011; unit of measure: Per cent)
9. Percentage of 16 to 18 year olds who are not in education, employment or training (NEET) (period: 01-01-2010 - 31-12-2010; unit of measure: Per cent)
10. Achievement of 5 or more A*-C grades at GCSE or equivalent, including English and Maths (period: 01-09-2010 - 31-08-2011; unit of measure: Per cent)
11. Care leavers in education, employment or training (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
12. First time entrants to the Youth Justice System aged 10 - 17 (period: 01-04-2010 - 31-03-2011; unit of measure: Per 100,000)
13. Residual household waste per household (period: 01-04-2010 - 31-03-2011; unit of measure: Kg per household)
14. Percentage of household waste sent for reuse, recycling and composting (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
15. Hospital admissions caused by unintentional and deliberate injuries to children and young people (period: 01-04-2009 - 31-03-2010; unit of measure: Per 10,000)
16. Percentage of initial assessments for children's social care carried out within 7 working days of referral (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
17. Percentage of core assessments for children's social care that were carried out within 35 working days of their commencement (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
18. Percentage of children becoming the subject of a child protection plan for a second or subsequent time (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
19. Carers receiving needs assessment or review and a specific carer's service, or advice and information (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
20. Under 18 conception rate (period: 01-01-2010 - 31-12-2010; unit of measure: Per cent)
21. Care leavers in suitable accommodation (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
22. Child health, % low birthweight (period: 01-01-2010 - 31-12-2010; unit of measure: Per cent)
23. Obesity in primary school age children in Year 6 (period: 01-09-2010 - 31-08-2011; unit of measure: Per cent)
24. Number of acute and non-acute patients whose transfer of care is delayed (period: 01-02-2012 - 29-02-2012; unit of measure: Number)
25. Timeliness of social care assessment (all adults) (period: 01-04-2009 - 31-03-2010; unit of measure: Per cent)
26. Timeliness of social care packages following assessment (period: 01-04-2009 - 31-03-2010; unit of measure: Per cent)
27. Percentage of vulnerable people achieving independent living (period: 01-01-2011 - 31-03-2011; unit of measure: Per cent)
28. Percentage of vulnerable people who are supported to maintain independent living (period: 01-01-2011 - 31-03-2011; unit of measure: Per cent)
29. Council tax collected as a percentage of council tax due (period: 01-04-2010 - 31-03-2011; unit of measure: Per cent)
30. Time taken to process housing benefit/council tax benefit new claims and change events (period: 01-07-2011 - 30-09-2011; unit of measure: Days)
31. Processing of planning applications - minor applications (period: 01-07-2011 - 30-09-2011; unit of measure: Per cent)
32. Sickness absence FTE days per employee (period: 01-04-2010 - 31-03-2011; unit of measure: Days)
33. Local Government Ombudsman - Complaints to the local government ombudsman, total complaints determined (excluding premature complaints) (period: 01-04-2010 - 31-03-2011; unit of measure: Number)
34. Percentage of people who are satisfied with the way the council runs things? (postal survey) (period: 01-04-2008 - 31-03-2009; unit of measure: Per cent)

For more information on your area visit: www.local.gov.uk/iginform

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Agenda Item 6

Committee(s):	Date(s):
Efficiency and Performance sub-Committee	18 May 2012
Subject: Income Generation Initiatives	Public
Report of: The Chamberlain	For Information

Summary

The City of London Corporation is facing significant funding constraints as a result of the Government austerity measures and the overall reductions in funding of public sector bodies. With pressure on current resources to deliver existing services, measures are required to seek additional alternative sources of funding.

In the financial year 2010/11 City departments generated £264 million income from fees and charges over a wide range of services; this is indicative of current good practices in terms of collecting income, but the potential still exists for increasing charges and widening the charging base.

At the Efficiency Board meeting on 12th January 2012 a view emerged that whilst the City is operating within current regulations, and that fee levels were regularly reviewed and revised, adopting a more commercial approach to income generation at a departmental level should be encouraged. Opportunities for not only increasing charges but also using fees and charges to manage demand, and exploring new income streams should be considered.

This report provides you with information concerning the recent work undertaken by the Internal Audit Section which examined the level of income being collected from fees and charges and the action being taken by departments to consider new income streams and review charges in an effort to maximise income. A guidance note has been developed to support Departments in adopting a more corporate and commercial approach to income generation.

Recommendations

It is recommended that Members note that:

- A Corporate Project is to be initiated to work with Chief Officers to identify new income streams and identify priority areas to increase the level and scope of charges made for existing services; and
- Within this, consideration will be given to identifying services which, in accordance with the Local Government Act 2003, might require the establishment of trading accounts in order to exploit income generation opportunities.

Main Report

Background

1. Following a report to the Estimates Working Party in February 2011 the Chamberlain commissioned an income generation review to be undertaken by the Internal Audit Section during the financial year 2011/12.
2. The key findings of the review are that the City of London's departments are proactive in generating income and identifying new income streams. It has been established that departments are collecting income for services in accordance with legislation. Furthermore 90% of all charges levied are discretionary in nature which means that the City of London Corporation can recover the full cost of the activity covered by the charges. The calculation of charges is complicated by the need to achieve overall income targets.
3. Where statutory services are provided at a charge that does not cover costs of provision, charges for discretionary charges are relied on to ensure that the departments budgeted net expenditure target is achieved. The City is performing well against budgeted income targets and collected additional fees and charges income of £11.3 million for the year ending 31st March 2011 (£265 million compared to a total corporate budget of £254 million – including investment property income).

Current Position

4. Benchmarking against London boroughs has revealed that the City is levying charges in common with similar local authorities. It is, however, difficult to make direct comparisons because not all services are identical due to resources available, strategic and political decisions. In addition, there are some areas where the City subsidises the provision of services, which results in lower charges than made by similar organisations which rely solely on income to fund the actual cost of service delivery.
5. Whilst marketing is undertaken by individual departments to increase the uptake of current service, no corporate approach is being followed. Good practice exists within departments and there are some current initiatives for collaboration so that marketing skills and ideas can be shared and services better promoted. Good examples of this include the Barbican Centre working with the Guildhall School and Remembrancer's Department, and Tower Bridge Exhibition sharing marketing staff with the Cemetery and Crematorium. Information on services is available to the public via departmental websites; however these might be difficult to locate for those unfamiliar with the organisation of the City's services.

6. A Forum was held in November 2011 at which departmental representatives were invited to consider the results of the income generation review and discuss opportunities to generate new income streams, as well as improve collaboration on income matters. A number of issues and ideas emerged resulting in the following actions being planned for the first half of the financial year 2012/13;
 - a. Chief Officers consulted on the best way to create new income streams and foster greater corporate collaboration (completed April 2012).
 - b. A working party will be created which will explore at least the following areas:
 - application of trading opportunities available from the 2003 Local Government Act and the 2011 Localism Act;
 - the feasibility and means of re-organising services into distinct business units; and the possibility of accounting for all fees and charges income as a corporate rather than a local risk resource.
 - c. Ideas discussed at the Forum to research and develop included:
 - Advertising services on a corporate basis, for example, the Guildhall Art Gallery and Barbican Centre jointly promoting exhibitions;
 - The use of assets such as the Guildhall Yard for trading; and
 - Provision of catering to the public when the Guildhall Club is in recess.

It was recognised that not all the ideas would find support from Chief Officers or Members.

The Way Forward

7. The Local Government Act 2003 includes provision for local authorities to trade in competition with other service providers and generate a surplus. This freedom has been reinforced by the Localism Act 2011, giving local authorities the ability to act in a manner “similar to any other UK citizen”. As an example, the City Solicitor’s department could provide legal advice to other public sector bodies or the third sector and calculate fees to make a profit. The 2003 Act does require that this type of trading is kept separate from the authority’s usual activities and trading companies might need to be created.
8. This is an area of income generation that has not been explored by the City. If it were to be considered as a serious option there would be considerable work involved in creating the appropriate accounting

structure, considering the business case and appropriate governance structures. More detailed research is required before any decision on this matter can be considered.

9. Given the general agreement that a more commercial approach is required, a guidance note has been prepared to assist Departments in taking a more strategic approach to the review and assessment of income generation activities. This guidance sets out the strategic options that departments need to consider and their implications in terms of risk and income levels. Account has been taken of the Efficiency Board's view that a more commercial approach should be taken with regard to identifying income streams and setting fees and charges. It includes details of the aspects that departments need to consider when reviewing the prices charged for existing services and potential new income streams from existing activities. It also includes instructions for the calculation of charges so that a corporate approach can be introduced. The guidance also considers the importance of marketing, competition analysis and demand management, and provides a checklist for all the elements of a departmental income generation review. Following Chief Officer Group consideration of this income generation initiative at their meeting on the 25th April 2012, this guidance will be circulated to Service Managers for comments before being finalised.
10. The recent income generation review identified that there is no central information concerning the income generating services, whether these are statutory or discretionary in nature, and how fees and charges are calculated. The guidance notes reflect this and it is envisaged that departments will provide this information so that a central database can be established which will be invaluable when making decisions on income generation strategies at both Corporate and Department levels.

Conclusions

11. The City's departments have a strong income generation base and can demonstrate that the potential for increasing fees and identifying new income streams is being considered in most areas. There is a need for a more commercial approach to income generation for which a guidance note has been prepared for this purpose. There is scope for the City to embrace the provisions of the Local Government Act 2003, reinforced by the Localism Act 2011. This could result in the creation of trading accounts or even separate trading companies for the purpose of selling professional services to other organisations. Such a venture, would require the re-engineering of current accounting practices so that discrete business units operating outside of routine departmental activities can be created. This will cause additional work and the cost of that would need to be

factored into the cost of the services. A corporate project is to be established to progress these income generation initiatives.

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