



Efficiency and Performance Sub (Finance) Committee

Date: THURSDAY, 12 JULY 2012

Time: 1.45pm

Venue: COMMITTEE ROOM - 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

Enquiries: Claire Sherer
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claire.sherer@cityoflondon.gov.uk

Lunch for Members will be served in the Guildhall Club at 1pm

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 minutes of the meeting held on 18 May 2012.
For Decision
(Pages 1 - 4)
4. **DEPARTMENTAL REVIEW FOLLOW UP**
Report of the Town Clerk.
For Information
(To follow)
5. **TRANSFORMATION AND EFFICIENCY BOARDS UPDATE**
Joint report of the Deputy Town Clerk and the Chamberlain.
For Information
(Pages 5 - 18)
6. **GUILDHALL SCHOOL OF MUSIC AND DRAMA - UPDATE**
Report of the Chamberlain.
For Information
(Pages 19 - 22)
7. **CROSS-BOROUGH WORKING**
Presentation of the Comptroller & City Solicitor.
For Information
8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
10. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.
11 – 12

Paragraph(s) in Schedule 12A
-

Part 2 – Non-Public Agenda

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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Agenda Item 3

EFFICIENCY AND PERFORMANCE SUB COMMITTEE OF THE FINANCE COMMITTEE

Friday, 18 May 2012

Minutes of the meeting of the Efficiency and Performance Sub Committee of the Finance Committee held at Committee Rooms 3 & 4 - 2nd Floor, West Wing, Guildhall on Friday, 18 May 2012 at 2.15 pm

Present

Members:

Roger Chadwick (Chairman)
Ray Catt (Deputy Chairman)
Nigel Challis
Deputy Anthony Eskenzi
Deputy Revd Stephen Haines
Anthony Llewelyn-Davies
Jeremy Mayhew

Officers:

Susan Attard	- Deputy Town Clerk
Neil Davies	- Town Clerk's Department
Claire Sherer	- Town Clerk's Department
Chris Bilsland	- Chamberlain
Suzanne Jones	- Chamberlain's Department
Paul Nagle	- Chamberlain's Department

Part 1 – Public Agenda

1. **APOLOGIES**
Apologies for absence were received from Deputy Edward Lord, Deputy Dr Giles Shilson and John Tomlinson.
2. **DECLARATIONS BY MEMBERS OF ANY PERSONAL AND PREJUDICIAL INTERESTS**
There were no declarations.
3. **MINUTES OF THE PREVIOUS MEETING**

MATTERS ARISING

The Deputy Town Clerk highlighted the action in relation to improving the use of the City Corporation's CRM database and advised Members that work was continuing although further work was required on joining up the departmental diaries to create a central Corporation diary.

RESOLVED: That the minutes of the meeting held on 16 March 2012 be approved as an accurate record.

4. **FUTURE WORK PROGRAMME**

The Sub Committee were asked to consider and endorse the proposals for its future work programme. Members were broadly happy with the proposals, so long as the programme was flexible, allowing for matters to be added or removed as necessary. In particular, Members endorsed the new focus on wider City Corporation issues (rather than departmental reporting) so long as they reserved the right to review individual departments as and when particular issues arose. The Chamberlain agreed to report on possible trigger points and metrics which could be used by the Sub Committee to decide whether a department should be reviewed in detail.

The Deputy Chairman requested that a list of all the follow up action items from all the previous Departmental reviews held during the period March 2011 - March 2012, together with an update on all outstanding items, be provided to this Sub Committee at the next meeting.

RESOLVED: That:-

- (i) the list of proposed issues for further research (as set out in the report) be endorsed on the basis that it would be adapted as required;
- (ii) the Chamberlain would report on possible trigger points and metrics which could be used by the Sub Committee to decide whether a department should be reviewed in detail; and
- (iii) an update report on agreed actions from the departmental reviews be brought to the meeting on 12 July 2012.

5. **TRANSFORMATION AND EFFICIENCY BOARDS UPDATE**

The Deputy Town Clerk advised Members that £150,000 efficiency savings within the HR department had been achieved as planned with a further £150,000 savings anticipated as part of phase 2. She also advised Members that the newly appointed Comptroller & City Solicitor had updated the Transformation Board on his experience of cross-borough working. Members requested that he be invited to the next meeting as they were interested in hearing this first hand.

Members were then advised of two minor corrections to the report in that the role of 'HR Consultant' (as at paragraphs 3 and 7 of the report) should have been 'Head of Corporate HR' and the subtotal (as at Table 3 on page 18 of the report) should be 17,279, not 177,279.

RESOLVED - The report was received and that the Comptroller & City Solicitor would be invited to the next Sub Committee meeting in order to provide an overview of his experience in cross-borough working.

6. **INCOME GENERATION INITIATIVES**

The Sub Committee were advised of a new corporate project being set up to identify new income streams for the City Corporation. Members were supportive of the approach and were keen to receive updates on how the project progresses, particularly in sharing current good practice and embedding a more commercial approach within certain areas of the organisation.

RESOLVED: That:-

- (i) 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
- (ii) 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.

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

There were no questions.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

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

MATTERS ARISING

The Chamberlain advised Members that the overall financial position of the Guildhall School of Music & Drama, including an update on fundraising activities for the new Milton Court building, would be brought to the next meeting on 12 July 2012.

RESOLVED: That the non-public minutes of the meeting held on 16 March 2012 be approved as an accurate record.

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

There were no questions.

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

There was no other business.

The meeting ended at 3.15 pm

Chairman

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Agenda Item 5

Committee(s):	Date(s):
Efficiency and Performance Sub (Finance) Committee	12 th July 2012
Subject: Transformation and Efficiency Boards	Public
Report of: Chamberlain and Deputy Town Clerk	For Information
<u>Summary</u>	
<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 Accommodation Review, and a presentation from the new Chief Information Officer regarding his experiences of sharing IS services. It also considered a recent report on “Leading Communication”, along with the regular 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 support for the future work programme of this sub-Committee, following the report agreed at your last meeting; the evidence requested by external audit for their value for money conclusion on the City Fund accounts; a recent report from the PwC Public Sector Research Centre exploring how councils have coped with central government funding cuts, and the latest performance benchmarking information from London Councils (LAPS).</p> <p>Recommendation</p> <p>That Members receive this update.</p>	

Main Report

Background

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

(concentrating on the achievement of savings and efficiencies). It was agreed that an update on the work of each Board would be provided at each meeting of this sub-Committee.

Transformation Board

2. The following issues have been discussed at the Transformation Board, chaired by Susan Attard, since the last sub-Committee meeting.
3. **Guildhall Accommodation Review** The Board received a presentation on the Guildhall Accommodation Review, setting out the aims and core principles of the project, along with the latest position. The project aims to maximise the use of office accommodation in Guildhall North Wing and Walbrook Wharf with the aim of releasing Guildhall Yard East (GYE), promoting the opportunity for occupation of GYE by the City Police. Targets have been set for the amount of space per workstation; ratio of workstations to staff (full time equivalent) and linear metres of storage, which are stricter than current levels.
4. The proposals have been approved by the Policy and Resources Committee and the Projects sub-Committee and detailed design and programming discussions are taking place. The Deputy Town Clerk praised the City Surveyor's staff for the extensive consultation that had already taken place. It was noted that the moves would take place between September 2012 and summer 2013.
5. The City Surveyor noted that although this project was driven by the rationalisation of property, accommodation changes in future would need to be part of a holistic approach to "ways of working" which had clear links to HR policies, IT infrastructure and productivity issues. He also noted his intention to provide Chief Officers and managers with better and more timely information regarding property occupation and costs.
6. The next stages of the Accommodation Review will be a project to explore ways of working, including flexible working arrangements. The project board for this review will be led by the Deputy Town Clerk.
7. **Chief Information Officer** The Board received a presentation from the new Chief Information Officer (CIO) regarding his experiences of overseeing a complete upgrade of the IT estate at the London Borough of Waltham Forest as part of a wider transformation programme which included a new Customer Relationship Management system, a new website and changes to flexible working arrangements. He outlined the benefits and lessons learned from a partnership with Havering and Newham to deliver a "One Contact" programme. These included greatly reduced costs and risk; the need for strong programme management, and the need to accept that sharing services may

require some relinquishing of sovereignty by the participants. The City Corporation now has the opportunity to contribute to, and benefit from, future developments.

8. He also spoke about a separate shared service agreement with Haringey, based on an acceptance that the two authorities ran very similar processes. He identified strong leadership from the Chief Executives, combined with strong programme management as essential pre-requisites. During discussions with Board members, it was noted that the key emerging themes to successful shared services were clarifying issues of sovereignty, being able to compromise, and take a pragmatic approach.
9. When discussing IS service at the City, the CIO emphasised that IS will be driven by the requirements of the business following consultation to define requirements and develop service level agreements. He would also seek to apply corporate strategy across all activities, with appropriate governance and structure.
10. **“Leading Communication: How Leadership Can Help Overcome Uncertainty during Massive Change”** The Board discussed a summary of this report, produced jointly by The Municipal Journal and SOLACE Enterprises. The report aims to provide managers in local government with advice on how to communicate and manage change during a period of budget reductions and rising demand for services. Central to the recommendations are that in periods of uncertainty, leaders need to provide *certainty* and *inspire* colleagues. This contributes to an environment where an organisation can survive and thrive. Whether or not change is successful will depend on how leaders behave and communicate.
11. The report stresses the need for communication to be based on robust evidence (not assumptions); to avoid anxiety for staff not impacted by the change; to recognise the impact on individuals; and to be honest. Managers are encouraged to be visible during periods of change; self-aware regarding their style of communication; and to demonstrate listening. The Board agreed that this was a report that could usefully be used as part of middle manager training, and shared with the lead officers on change projects and the internal communications group.
12. **Updates on Strategic Reviews** The Board receives updates on the key strategic projects at each meeting. Issues highlighted recently include:
 - i. IS: 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: Mobilisation meetings have been held with the successful bidder for the Highways Repairs and Maintenance contract to ensure services can commence on 1st July on the expiry of the current contract. The preferred suppliers for the Building Repairs and Maintenance have moved on site and are progressing mobilisation activities. The launch of the City of London Procurement Service is targeted for November 2012, and detailed process workshops are underway with departmental local process experts to document how things are done currently and to determine the new processes to be implemented.
- iii. Strategic Finance Review: New style monthly budget monitoring reports are to be sent directly to responsible budget managers from June. A training module is being developed along with a delivery plan to support the roll out and supplemented by other financial management models. A pilot financial processes mapping exercise has been completed with further processes to be reviewed and improvements considered. Departmental views of the current finance service have been provided and an action plan for specific improvements is being developed for consideration by the Strategic Finance Review Board.
- iv. HR: The HR review has now completed the professional consultation stage. Several meetings have been held with staff to discuss the proposed model. This takes on board all the feedback from staff and departments, and focuses services into independent units - away from the mixed model of departmental and specialist units. This was always the intention of phase II of the review following on from phase I which brought departmental services together but retained the corporate specialist units. The new structure creates further efficiencies taking an additional £150K per annum out of the budget. The Director is currently considering the feedback from professional consultation and anticipates sending out final proposals by the end of June. Personal consultation will follow and the new structure is anticipated to go live in November 2012.
- 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

13. The following key issues have been discussed at the Efficiency Board, chaired by Chris Bilsland, since the last sub-Committee meeting.
14. **Efficiency and Performance sub-Committee** The Efficiency Board discussed the headline areas reported to your last meeting as the initial areas to be scrutinised as themed/cross-cutting reviews. Initial efforts will concentrate on the key expenditure areas of supplies and services, third party payments, premises costs and central risk. Detailed ('line-by-line') analyses will initially be carried out on third party payments, central risk grants and supplies and services. These will then be reconciled with areas already within the scope of PP2P to avoid duplication of effort. Further consideration will then be given to the findings by the Efficiency Board, in conjunction with the Finance Leadership Group. The results will be reported to this sub-Committee.
15. Other areas discussed are subject to separate review, particularly energy expenditure, and insurance and the Efficiency Board has requested updates on these areas. A joint meeting of the Transformation and Efficiency Boards has been arranged for 16th July, with external facilitators, to identify further areas or operations where detailed review would potentially be able to generate efficiency savings and produce a prioritised plan of action.
16. **Value for Money Conclusion** For the financial year 2011/12, the external auditors are required to give their statutory VFM conclusion based on the following two criteria specified by the Audit Commission:
 1. The organisation has proper arrangements in place for securing financial resilience. The focus is on whether the organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
 2. The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The focus is on whether the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions, and improving efficiency and productivity.
17. In support of their work, the external auditors have requested, and been sent, information on areas including the work of this sub-Committee; PP2P; the accommodation review; the Commissioning Strategy of the Department of Community and Children's Services; engagement with staff in respect of the 12½% budget reductions; shared services; the impact analysis presented to Members supporting the 12½% budget reductions; evidence of the use of units

costs and benchmarking; and member engagement in the drafting of the Corporate Plan. The auditors have also met with the City Corporation's Head of Corporate Performance and Development, and the City Police's Director of Corporate Services.

18. **"The (local) state we're in"** The Board considered this PricewaterhouseCoopers (PwC) survey on local government's financial challenge for 2012. The survey confirms that local authorities have successfully delivered against an ambitious programme of financial savings over the last year, without any marked reduction in the quality of frontline provision: *"Much of the focus has remained, and will continue to remain, on squeezing further savings and efficiencies through the way that councils operate internally and through tightening arrangements around their third party spend. Much of the internal focus remains on improving back office operations and transforming processes."*
19. The survey also highlights a notable nervousness within the sector of further financial pressures beyond the current Spending Review period and Parliament. It identifies the single largest challenge as the seemingly inexorable growth in demand for services, in particular social care: *"For these reason, councils are increasingly focusing on how to secure significant savings, and desired outcomes through effective demand management."*
20. It notes that while councils may be seeking increasingly to reduce or divert demand, they will need to be sensitive to a changing public attitude that will likely be more hostile towards perceptions of reduction than it has been so far. The survey shows that there is much more councils can and should be doing to engage local communities and individuals about the difficult choices they are facing: *"If demand management is to succeed, local councils will need to find more effective means of engaging communities and individuals than they have to date."*
21. The Board felt that the report provided a useful summary of efficiency areas that councils are tackling. These correspond largely with the areas already being worked on or considered by the City Corporation, thus providing reassurance and reinforcement that the Board is scrutinising the correct areas.
22. **Local Area Performance Solution (LAPS)** London Councils has recently released the quarter four (1st January – 31st March 2012), dashboard for LAPS, the 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.

23. Of the 26 indicators applicable to the City Corporation, performance in 18 was in the top quartile and above average for a further three, when compared with the other authorities who submitted data. The City is no longer submitting returns for the following indicators as the raw data is fewer than 10 cases:- child protection cases reviewed; children having a 2nd or subsequent child protection plan; and care leavers in employment, education or training.

24. 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 three indicators where the City’s performance is in the lowest quartile, as follows:

LIS 14: % of carers receiving needs assessment or review

25. The City had 57 registered carers for 192 clients receiving a community based service in the year. Of these carers, 20 received a carer assessment. The indicator is calculated by dividing the number of carer assessments by the number of clients. This indicator has been cancelled and is not part of the new Adult Social Care Outcomes Framework.

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

26. 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%

27. London Councils have announced that the LAPS dashboard and time series will be published in September 2012. The publishing strategy will be circulated to borough performance officers shortly for comment. Your officers will review which indicators are provided and ensure appropriate narrative is available on the City’s website to put indicators into context where relevant.

28. **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.
29. Since the last report, the reported savings figures for Security Contract, and Cleaning and Window Cleaning Contract have been reduced because savings for the Barbican Centre and GSMD have not proved to be realisable.

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) Q4 dashboard

Contact:

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performance@cityoflondon.gov.uk

SAVINGS SCHEDULE
(as at 18th June 2012)

Notes:

	Savings shown are not cumulative – they indicate the savings achieved/anticipated in each year, compared to a base year of 2009/10 for most items.
	Forward figures are at current prices. They should only be inflated if inflation increases are to be provided in future years.
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	50	50
Cleaning and Window Cleaning Contract	150	150
PP2P (note 1)	tba	tba
Sub-total	4,955	4,955

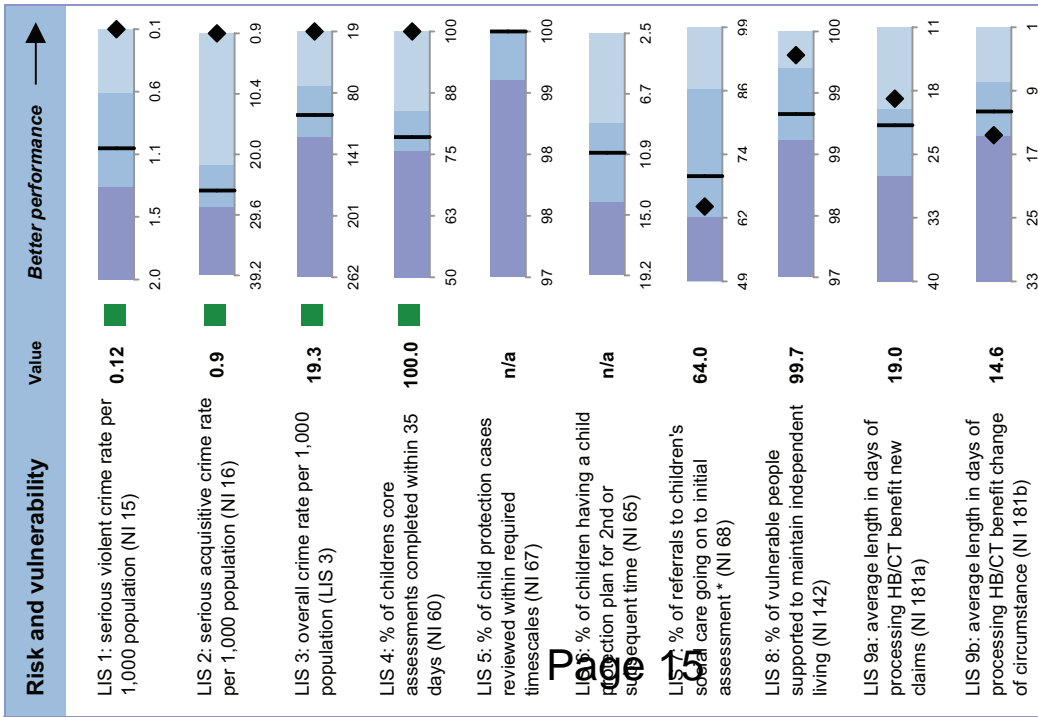
Table 2: Phase I Savings - CITY FUND ONLY	Current financial year £000	Full year impact £000
Street Cleansing	581	581
Trade Waste	334	334
Public Conveniences	143	143
Unaccompanied Asylum Seeking Minors	50	50
HR Review (phases I and II)	177	177
IS Shared Services	293	293
Chief Officer Budget Reviews 2009	2,498	2,498
Barbican Estate Car Parks	197	197
Telecoms	44	44
Security Contract	27	27
Cleaning and Window Cleaning Contract	35	35
PP2P	tba	tba
Sub-total	4,379	4,379

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 2)	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	17,279	19,613

Notes:

- | | |
|---|---|
| 1 | A monthly report on PP2P is presented to the Finance Committee |
| 2 | Receivable for six years and to be adjusted year on year for net additional dwellings |

City of London: London Performance Dashboard: 2011-12 - Q4 Final

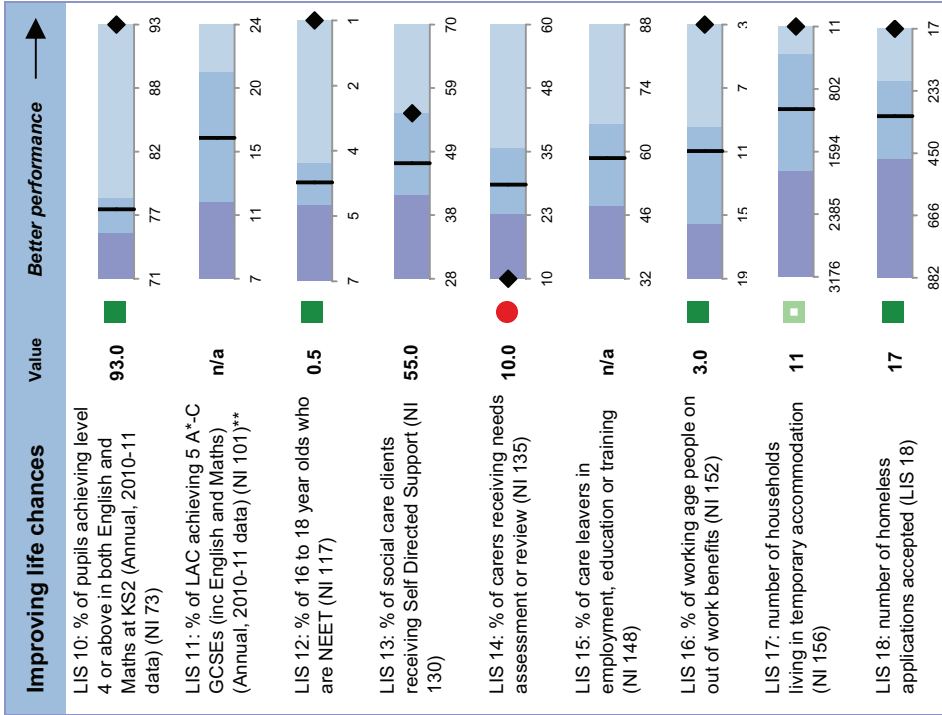


key

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

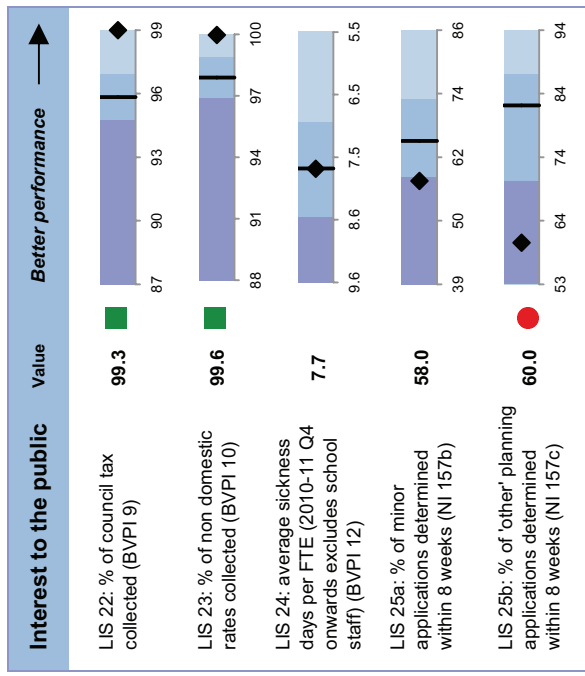
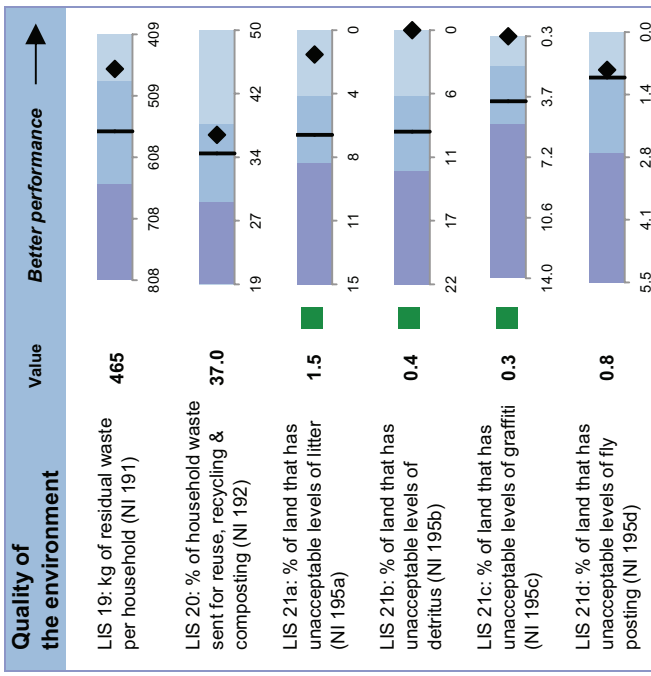
relative performance is:

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



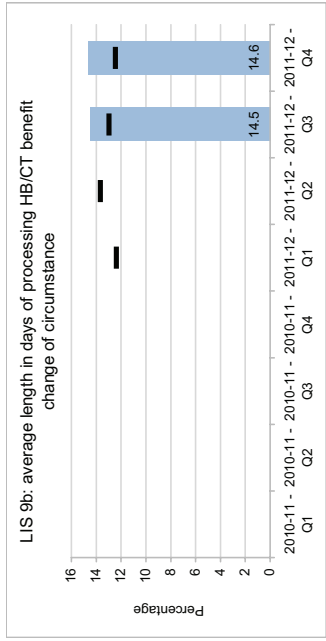
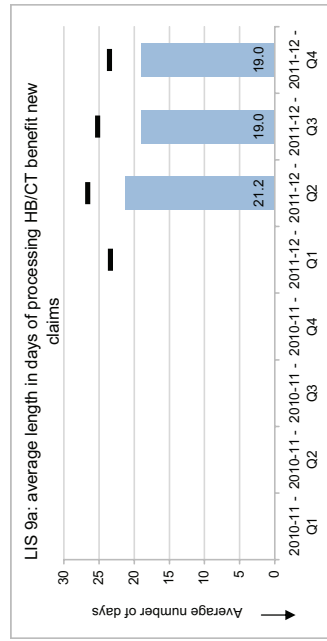
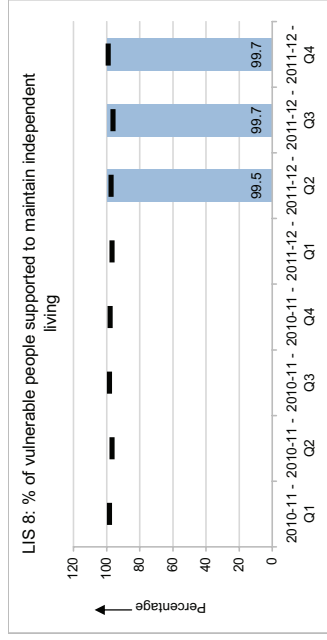
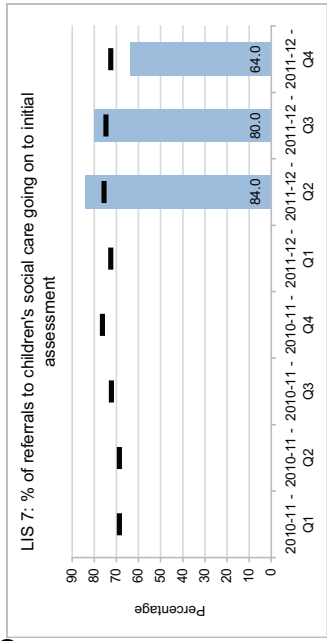
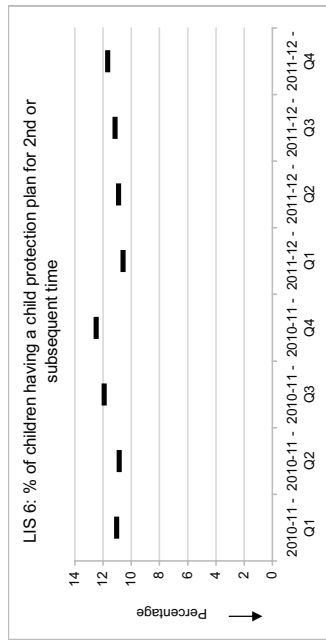
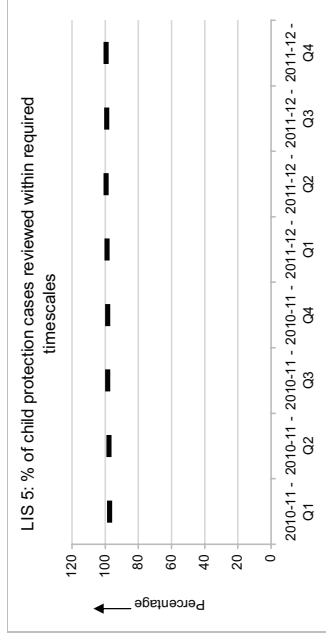
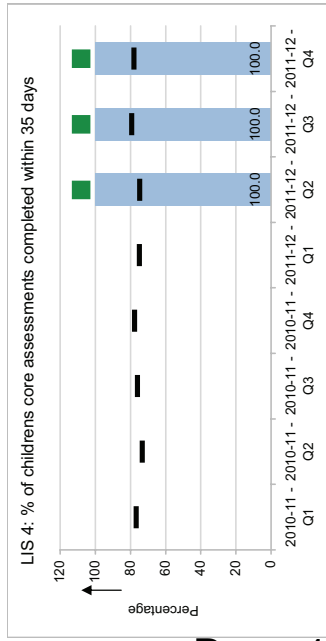
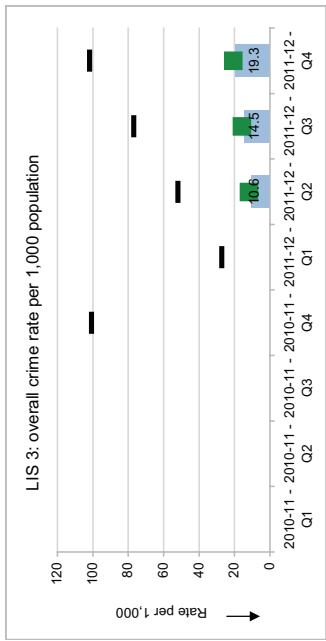
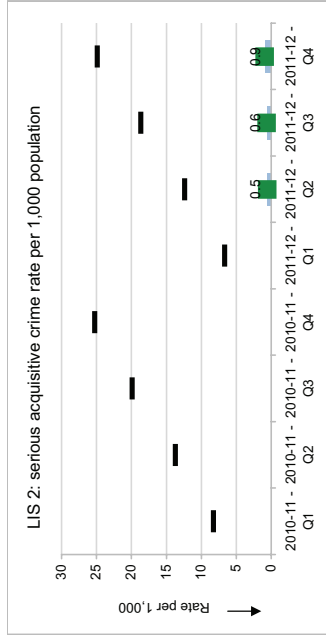
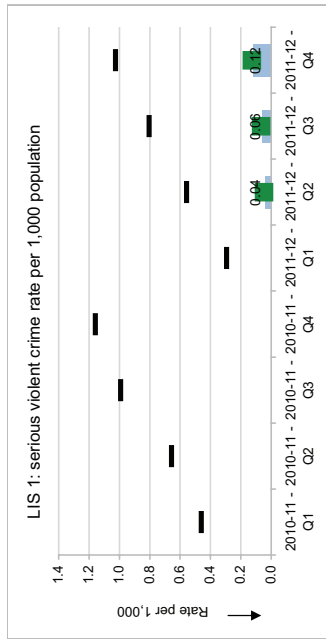
Guidance notes

- 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

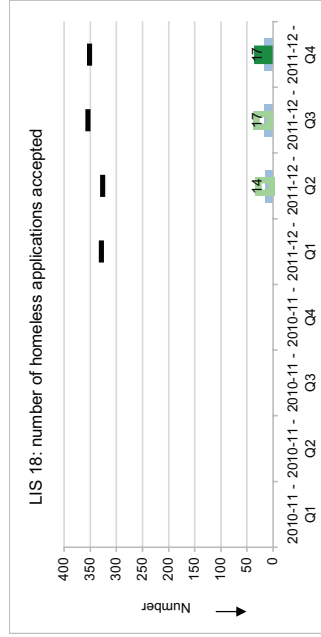
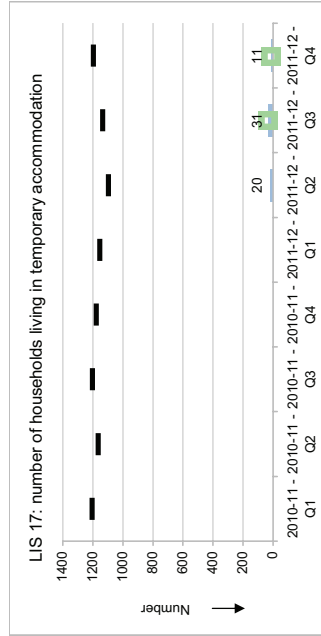
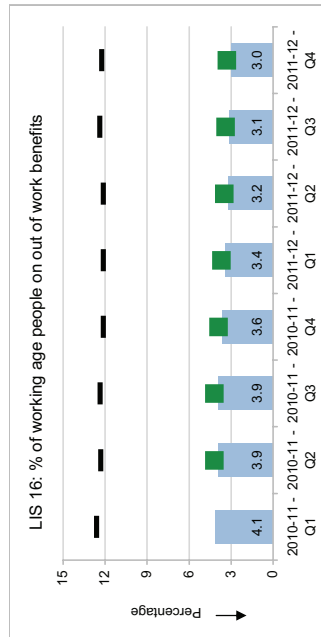
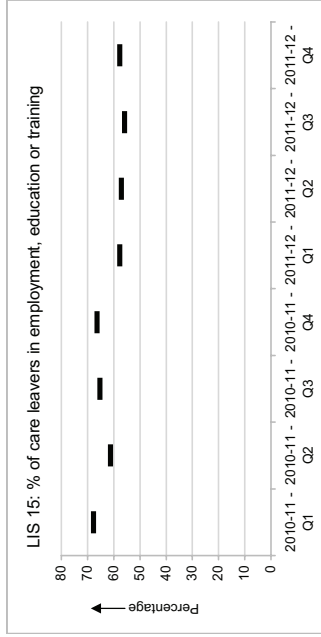
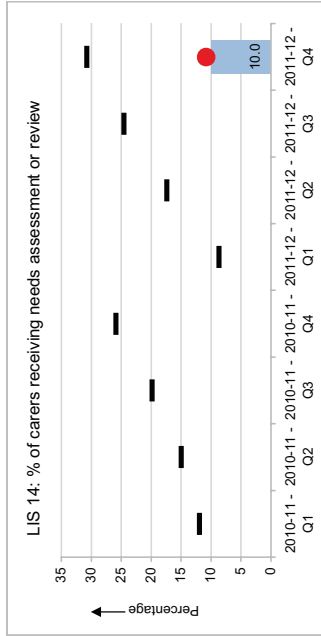
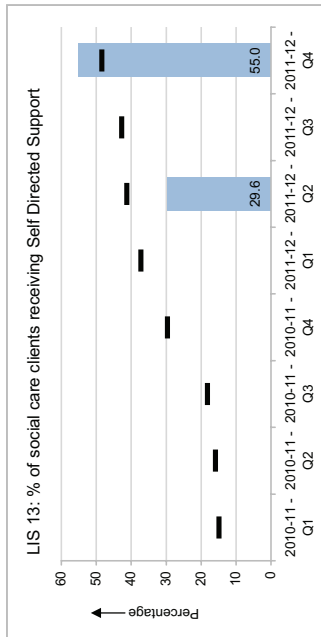
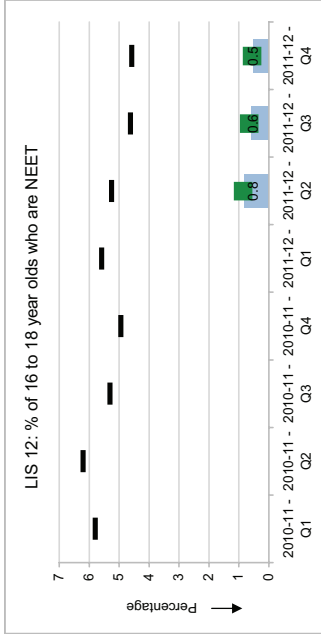
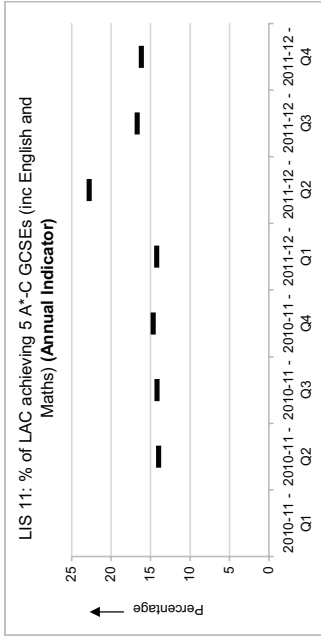
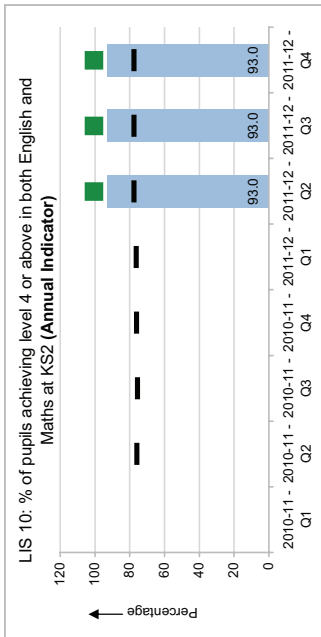
City of London



Legend:

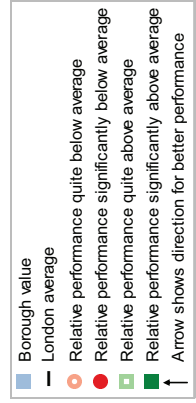
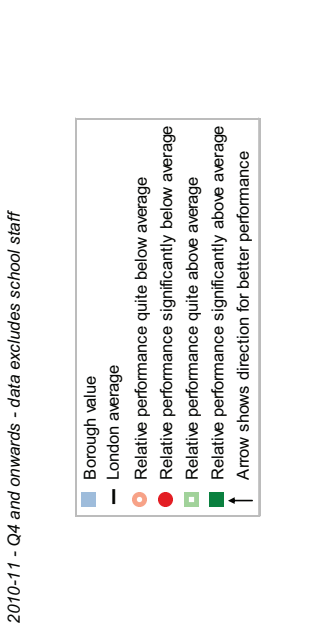
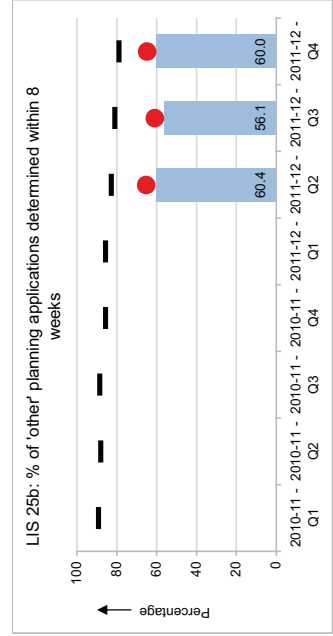
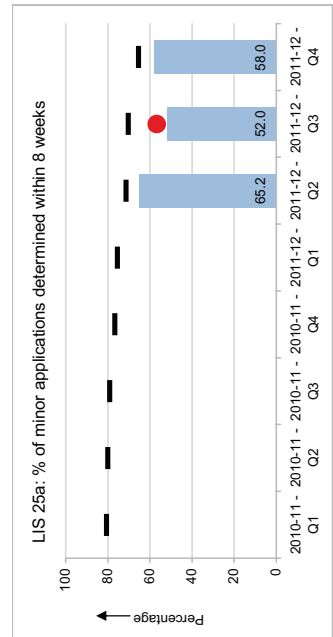
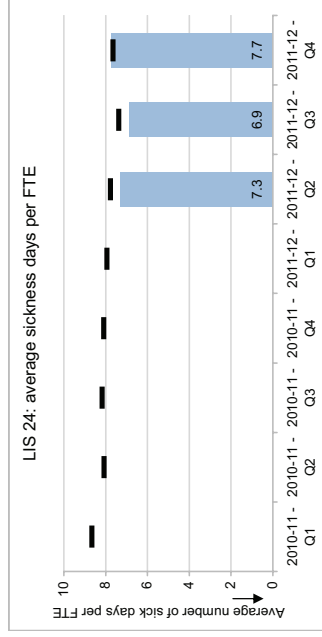
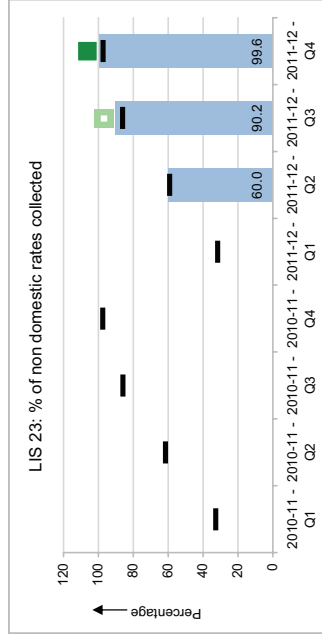
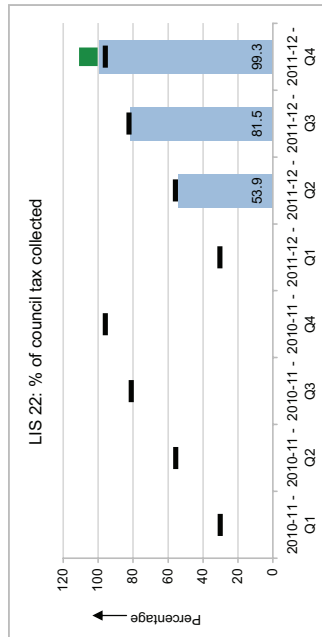
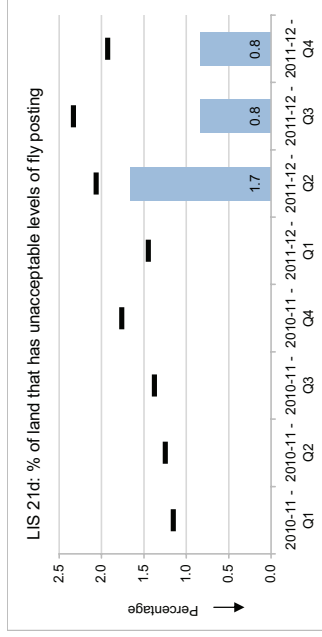
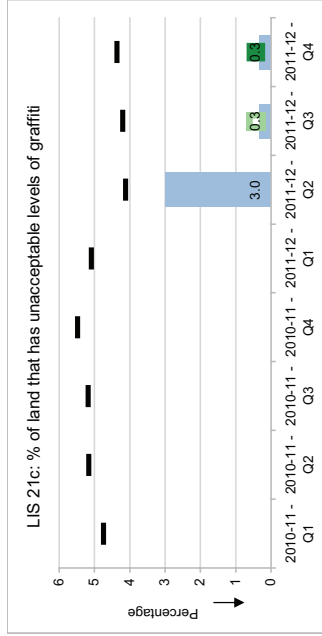
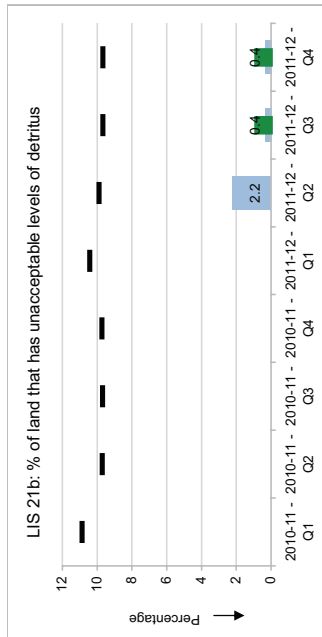
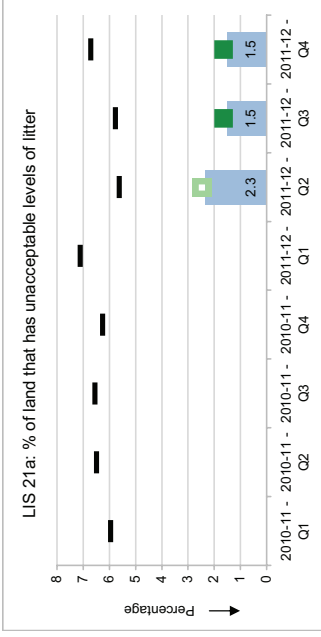
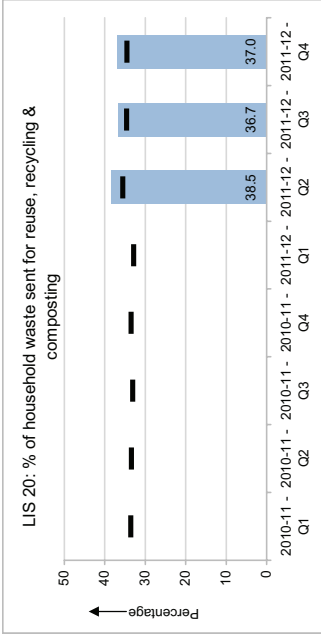
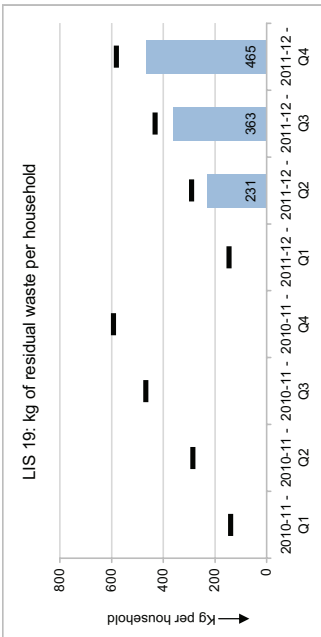
- Borough value
- Relative performance quite below average
- Relative performance significantly below average
- London average
- Relative performance quite above average
- Relative performance significantly above average
- Arrow shows direction for better performance

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



■ Borough value
● Relative performance quite below average
■ Relative performance significantly below average
■ Relative performance quite above 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



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

Agenda Item 6

Committee(s):	Date(s):
Efficiency and Performance Sub (Finance) Committee	12 July 2012
Subject: Guildhall School of Music and Drama - Update	Public
Report of: Chamberlain	For Information
<u>Summary</u>	
<p>At the last meeting members asked for an update on the overall financial position of the School including an update on fundraising activities for the new Milton Court building</p>	
Recommendation	
<p>That Members receive this update.</p>	

Main Report

Background

1. At its 23rd May 2011 meeting, members asked for an update on the overall position of the School, including an update on the fundraising activities for the new Milton Court building. This report provides that update.

Financial Position

2. The provisional outturn for 2011/12 was reported to the May meeting of the Finance Committee; net expenditure of £5.3m is forecast, against a budget of £5.0m – a net overspend of £0.3m.
3. Looking forward, the School is presently submitting its forecasts, on an academic year basis to HEFCE. These forecasts are:

2012/13	-deficit of £120,000
2013/14	- deficit of £489,000
2014/15	- deficit of £7,000
2015/16	- surplus of £488,000
4. These projections are as has been anticipated for some time. Essentially it was always going to take some time for the additional revenue from student fees to

cover the loss of HEFCE grant. However it should be noted that the above figures include the £150,000 internal loan repayments currently required.

5. Although a surplus is forecast from 2015/16, officers are discussing a proposal for a capital investment, in the order of £2m, to allow the School to develop a more sustainable business model. Essentially this investment would
 - Ensure a more competitive approach to excellent teaching
 - Improve fundraising capacity
 - Build capacity for overseas recruitment
 - Strengthen the School brand
6. This is an opportune time to consider such an investment, with the opening of the new Milton Court building and with the School's academic reputation at a particular high – the School is Britain's number one specialist university in the Guardian rankings.

Milton Court

7. To date the build has been going well and the School is closely engaged with the developer, Heron, in the School's development design. I act as overall officer lead on the project and overall coordination is going well. We are anticipating a facility built to the highest standards
8. Construction of the School's part of Milton Court is largely complete with the focus now very much on internal fit-out including mechanical and electrical (M&E) services and specialist equipment. Numerous detailed design and coordination issues continue to be raised and are being dealt with on a daily basis, largely in the area of M&E services.
9. However, the project has fallen behind schedule. Sir Robert McAlpine currently report being five weeks behind programme on the School's part of the building. Such a delay would be disappointing and we are concerned that mitigation measures are put in place to address this delay and prevent any further delay.
10. If the current programme delay is not significantly improved, it will become necessary to re-visit the School's moving-in time table. The existing plan is that acting and technical theatre staff and students would be relocated during the Easter vacation of 2013, ready to start using the building for the summer term. This will be very difficult to achieve if practical completion is delayed by five weeks, but equally it is hard to relocate staff and students during term time because of their teaching schedules. A range of alternative scenarios are being examined.

11. With regard to fundraising, the latest estimated costs for the specialist equipment packages, to be paid for from the School's capital fundraising campaign, now stand at £10.887m excluding VAT. This compares to original estimates of £11.919m. This reduction largely arises from lower costs for certain aspects of the security package.
12. These costs are still subject to further change, as the detail of the works is examined and further refined. Additional adjustments are certainly likely in the packages for specialist and technical equipment and for general furniture, fittings and equipment.
13. There is a team in place for fund raising campaign, steered by a campaign board. At present the fundraising stands at just over £6.1m.

Conclusion

14. Overall, the School is in a better place financially than it has been for some time. However the changes in Higher Education funding plus the impact of Milton Court are challenging and there is case for investment to take advantage of the position that has been created and deliver a step change in the School's finances.

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Chamberlain

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