



Efficiency and Performance Sub (Finance) Committee

Date: TUESDAY, 18 SEPTEMBER 2012
Time: 1.45pm
Venue: COMMITTEE ROOMS - 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 1pm

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **DECLARATIONS BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ANY ITEMS ON THIS AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the minutes of the meeting held on 12 July 2012.
For Decision
(Pages 1 - 6)
4. **OUTSTANDING ISSUES**
Report of the Town Clerk.
For Decision
(Pages 7 - 24)
5. **TRANSFORMATION AND EFFICIENCY BOARDS UPDATE**
Joint report of the Deputy Town Clerk and the Chamberlain.
For Decision
(Pages 25 - 36)
6. **SHARED SERVICES (CITY OF LONDON CORPORATION & CITY OF LONDON POLICE)**
Report of the Deputy Town Clerk.
For Information
(Pages 37 - 42)
7. **REVIEW OF THE PROCUREMENT AND PROCURE TO PAY (PP2P) PROGRAMME**
Report of the Chamberlain.
For Information
(Pages 43 - 62)
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.

Part 2 - Non-Public Agenda

11. **GUILDHALL SCHOOL OF MUSIC & DRAMA: CAMPAIGN FOR MILTON COURT
ACTIVITY 2011/12**
Report of the Chamberlain.

For Information
(Pages 63 - 68)
12. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE
COMMITTEE**
13. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND
WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE
PUBLIC ARE EXCLUDED**

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Agenda Item 3

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE

Thursday, 12 July 2012

Minutes of the meeting of the Efficiency and Performance Sub (Finance) Committee held at Guildhall, EC2 on Thursday, 12 July 2012 at 1.45pm

Present

Members:

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

Officers:

| | |
|---------------------|----------------------------------|
| Susan Attard | - Deputy Town Clerk |
| Claire Sherer | - Town Clerk's Department |
| Neil Davies | - Town Clerk's Department |
| Daniel Hooper | - Town Clerk's Department |
| Chris Bilsland | - Chamberlain |
| Caroline Al-Beyerty | - Chamberlain's Department |
| Suzanne Jones | - Chamberlain's Department |
| Michael Cogher | - Comptroller and City Solicitor |

Part 1 - Public Agenda

1. APOLOGIES

Apologies were received from Deputy Edward Lord.

2. DECLARATIONS BY MEMBERS OF ANY PERSONAL AND PREJUDICIAL INTERESTS

Jeremy Mayhew made a declaration of interest in respect of Item 4 given his current role as a Senior Adviser to PwC's Entertainment & Media Consulting Practice, who produced the report 'The (local) state we're in' referred to in the report to Item 5.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting held on 18 May 2012 be agreed as an accurate record.

MATTERS ARISING:

Item 4 - The Chamberlain advised Members that he would report to a meeting later this year on possible trigger points and metrics for the Sub Committee to use when deciding on whether to review a particular department in detail.

4. DEPARTMENTAL REVIEW FOLLOW UP

Members considered a report of the Town Clerk which updated them on the agreed actions arising from the Committee's departmental reviews that had been undertaken in the previous year.

Although this report had been designed to provide assurance that the actions arising from the departmental review had been addressed, Members discussed expanding this to include actions arising from all reports. The Deputy Town Clerk recognised that any future action updates should be issued on time and in a more user-friendly format such as the format used for the Audit & Risk Management Committee.

The Deputy Town Clerk then gave an update on the potential for Shared Services between the City of London Corporation and the City of London Police, including the resolution of the Police Committee at its meeting on 27 April 2012. A full report would be brought to the Sub Committee for further consideration and Members requested that this report also set out any possible data security issues.

One Member also asked what progress had been made in the alignment of financial and business planning and was informed that this was being actively considered by the Chamberlain's department in time for the 2013/14 estimates reports.

RECEIVED

5. TRANSFORMATION AND EFFICIENCY BOARDS UPDATE

The Committee received an update from the Transformation and Efficiency Boards and, in particular, considered the following areas:

Guildhall Accommodation Review

The Deputy Town Clerk confirmed that the timetable in relation to implementing the Guildhall Accommodation Review (as reported in paragraph 4 of the report) was correct and that approximately 500 people would be affected by the various office moves. The timetable had also been planned to ensure minimal disruption to departments during key events such as delivering the annual accounts. In response to a question, the Deputy Town Clerk acknowledged that the City Corporation could also look at new ways of working which could capitalise on certain staff being located closer together.

Strategic Finance Review

New style monthly budget monitoring reports to be sent directly to responsible budget managers from June would aim to be clear to non-finance

professionals. Members were invited to provide feedback to the Chamberlain as these could be refined as necessary.

The Chairman stated that it would be useful if reports could include a breakdown of internal and external staffing costs charged to City Corporation projects, especially where recharges could be made such as Transport for London (TfL) initiatives and under 'Section 106 agreements'. The Chamberlain agreed to consider this area and report back to the Sub Committee.

Value for Money (VfM) conclusion

The Chamberlain informed Members that a positive Value for Money (VfM) conclusion for 2011/12 had been received from the external auditors (further to the reference in paragraph 16 of the report).

Local Area Performance Solution (LAPS)

Members noted some concerns regarding the number of carers that had received a carer assessment (as identified in paragraph 25 of the report) and it was noted that this matter had been referred to the Director of Community & Children's Services for an update to be provided to Members at the next meeting. It was noted that the LAPS dashboards showed that the City of London Corporation was performing very well but it would be useful if this could also show whether this had been achieved within any VfM criteria.

Members were advised that the Sub Committee's work programme (as agreed at 18 May 2012 meeting) would be revised and brought back to the Committee for consideration at its next meeting.

RECEIVED

6. GUILDHALL SCHOOL OF MUSIC AND DRAMA - UPDATE

Members considered an update report on the overall financial position and fundraising activities for the Guildhall School of Music & Drama's new building at Milton Court as requested by the Sub Committee at its meeting on 23 May 2012.

Members expressed some concerns that any shortfall in funding would be underwritten by the City Corporation. Members also sought assurance that the Guildhall School of Music & Drama (GSMD) was able to meet all of its revenue expenditure as had been stipulated by the City Corporation when it agreed to provide capital funding to develop the Milton Court facility.

The Chamberlain noted these concerns although he suggested that it might be appropriate to review in more detail whether further revenue funding might be needed as the GSMD would need to meet higher operational costs at Milton Court whilst it develops new ways of working and increasing student numbers now that they could be accommodated.

Members requested further updates from the Chamberlain and representatives of the GSMD and were particularly keen to be kept informed on fundraising

targets as well as financial performance including variations on the agreed budget.

RESOLVED: That –

- i. the report be noted;
- ii. the Chamberlain would issue a report to Members as soon as the GSMD student intake for 2012/13 was finalised;
- iii. the Chamberlain would provide an update report on Milton Court fundraising at the next meeting, including a breakdown of funds that had been pledged and those that had been received; and
- iv. the GSMD's Principal, Chief Operating & Financial Officer and Chairman of the Board of Governors be invited to attend the 14 November 2012 meeting with a full report.

7. CROSS-BOROUGH WORKING

As requested at the previous meeting on 18 May 2012, the Comptroller & City Solicitor provided an overview of his experience in cross-borough working. Afterwards, Members asked a number of questions, particularly his views on how cross-borough working works in different political environments and the scope for quantifiable savings.

The Chairman thanked the Comptroller & City Solicitor for his useful presentation.

RECEIVED

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

One Member asked about the cost of benefits in kind to the three Academies and the Chamberlain advised that this would be a matter for the Policy & Resources Committee.

9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

10. EXCLUSION OF THE PUBLIC

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

Item No.
11 – 12

Paragraph(s) in Schedule 12A
-

Part 2 - Non-Public Public Agenda

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 3.35pm

Chairman

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Agenda Item 4

| | |
|---|-------------------|
| Committee(s): | Date(s): |
| Efficiency and Performance Sub (Finance) Committee | 18 September 2012 |
| Subject: Outstanding Actions | Public |
| Report of: Town Clerk | For Decision |
| <u>Summary</u> | |
| <p>At the last meeting, Members requested that the Outstanding Actions schedule be expanded to include actions from all reports presented to the sub-Committee since its inception in May 2011.</p> <p>The full schedule is now presented to Members, grouped by topic and indicating an officer assessment of whether each action is “closed” or “open”. Where actions are open, an indication has been given, where possible, of a date for the action to be delivered.</p> <p>Members will note that where a closed action results in a follow-up action that is still open, a separate entry appears immediately below the original action.</p> <p>Subject to your agreement today, it is proposed to submit this schedule as a standing item to each meeting of the sub-Committee, but with the removal after each meeting of actions agreed by Members as closed.</p> | |
| Recommendations | |
| <ul style="list-style-type: none">• That Members agree the classification of actions as “closed” or “open” as per the attached schedule,• That Members agree to receive an updated schedule at each meetings, with previously agreed “closed” actions removed | |

Appendices:

- EPSC Outstanding Actions (as at 4 September 2012)

Background Papers:

- *Report to Efficiency and Performance sub-Committee on 12th July 2012: Departmental Review follow up*

Contact:

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**EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)**

| Item | Action | Officer responsible and target date | Progress updates | Open/ Closed |
|--|--|--|--|---|
| Departmental Reviews | | | | |
| Report to 13/7/11 meeting: Transformation and Efficiency Boards | Members agreed a forward programme for departmental reporting, as follows: | Town Clerk | Reports submitted on: | Closed |
| | Chamberlain's | Chamberlain | 13/7/11 | |
| | Town Clerk's | Town Clerk | 27/9/11 | |
| | Community and Children's Services | Director of C&CS | 27/9/11 | |
| | City Surveyor's | City Surveyor | 24/11/11 | |
| | Guildhall School of Music & Drama | Principal of GSMD | 16/3/12 | |
| Report to 16/3/12 meeting: Future programme of the sub-Committee | Members agreed to suspend the programme of departmental reporting | Town Clerk | Programme suspended following submission of the final agreed departmental report (GSMD on 16/3/12) | Closed |
| Report to 18/5/12 meeting: Future work programme | The Chamberlain 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. | Chamberlain – Future EPSC meeting | July 2012 - The Chamberlain advised Members that he would report to an EPSC meeting later in 2012 on possible trigger points and metrics | Closed Included in Transformation and Efficiency |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

| Item | Action | Officer responsible and target date | Progress updates | Open/ Closed |
|---|---|--|--|--|
| | | | | Boards update report - September 2012 |
| Report to 18/5/12 meeting: Future work programme | Members requested a report on the agreed actions from the departmental reviews considered by the sub-Committee. | Town Clerk – July 2012 | July 2012 – A report was received by the Committee which updated it on the agreed actions arising from the Committee’s departmental reviews that had been undertaken in the previous year. | Closed See below for follow-up action |
| Report to the 12/7/2012 meeting: Departmental Review Follow Up | Members requested a full outstanding actions list, in the format used for the Audit and Risk Management Committee, extended to cover all reports to the sub-Committee | Town Clerk | Full outstanding actions report to be presented to September meeting | Closed Full schedule presented – September 2012 |

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| Departmental report – Chamberlain’s Department | | | | |
|---|---|-----------------------------|--|----------------------|
| Report to 13/7/2011 meeting: Chamberlain’s | The Chamberlain to provide a further report to a future EPSC meeting addressing specific issues in relation to the IS Review. | Chamberlain – November 2011 | EPSC November 2011 - The Chamberlain updated Members on the outsourcing of IT services and | Open Update to be |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

| | | | | |
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| departmental report – Efficiency review | | | <p>infrastructure. Members noted that further work would be undertaken on how best to deliver IS Services and that this would be reported to the sub-Committee</p> <p>August 2012 – Report to be presented to September Finance Committee</p> | provided after results of soft market testing are known |
| Report to 13/7/2011 meeting: Chamberlain’s departmental report – Efficiency review | Members requested that an indicative timetable is produced setting out when departments would start to receive financial management information on a prompt and dynamic basis. | Chamberlain – Future EPSC meeting | <p>EPSC September 2011 - A verbal update was given by the Chamberlain.</p> <p>July 2012 - Budget holders are provided with a monthly report summarising spend to date against budget and identifying variances requiring further investigation. The first reports were sent out in July and initial feedback has been very positive on ease of use.</p> | Closed |
| Report to 13/7/2011 meeting: Chamberlain’s departmental report – Efficiency review | That the reports produced by the monthly meetings of the Finance Directors highlighting material variances should be made available to the Finance Committee. | Chamberlain – Future Finance Committee meeting | <p>September 2011 - The Finance Committee received and approved the format of a monthly financial monitoring report.</p> <p>EPSC September 2011 - The Chamberlain stated that the intention was for the Service Committee to receive a financial monitoring report on an exception basis.</p> | Closed |

**EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)**

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| <p>Report to 13/7/11 meeting: Chamberlain's departmental report – Efficiency review</p> | <p>That a further report on the rationale for maintaining a relatively high level of in-house resource on Revenues (Business Rates and Council Tax) should be submitted to the Sub-Committee and the Finance Committee</p> | <p>Chamberlain – November 2011</p> | <p>EPSC November 2011 (minutes corrected at the February 2012 meeting) - The Chamberlain reported that the City Corporation delivers this service alongside Liberata and therefore staffing levels should remain the same in order to maintain the excellent standards of collection and customer services.</p> | <p>Closed</p> |
| <p>Report to 13/7/11 meeting: Chamberlain's departmental report – Efficiency review</p> | <p>That an Internal Peer Review should be undertaken by the Business Support Director and the Financial Services Director, to assure Members that the Chamberlain is focusing on appropriate efficiency and performance priorities.</p> | <p>Business Support Director and Financial Services Director – Future EPSC meeting</p> | <p>Reported to EPSC in November 2011</p> | <p>Closed See below for follow-up action</p> |
| <p>Report to 24/11/11 meeting: Peer review of financial and business support services</p> | <p>That an action tracker is reported to future meetings which includes the responsible Officer and timescales for delivery of actions relating to this item.</p> | <p>Chamberlain – Future EPSC meetings</p> | <p>EPSC February 2012 - An action tracker was reported to the meeting where it was resolved that progress against the action tracker would be reported to the Committee on an exception basis. Update August 2012 - No issues requiring Member attention</p> | <p>Open</p> |

Departmental report – Town Clerk's Department

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
 (as at 4 September 2012)

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| <p>Report to 27/9/11 meeting: Town Clerk's departmental report - Efficiency review</p> | <p>The Deputy Town Clerk to update Members on proposals relating to City of London Police and City of London Corporation shared services.</p> | <p>Town Clerk – Future EPSC meeting</p> | <p>EPSC November 2011 – Members were informed of proposals to share Occupational Health and call handling services.</p> <p>EPSC July 2012 - The Deputy Town Clerk gave a verbal update relating to a report presented to the Police Committee in April 2012 regarding shared services with the City.</p> | <p>Closed See below for follow-up action</p> |
| <p>Verbal update to 12/7/12 meeting: Police Shared Services</p> | <p>A full report to be presented at the September 2012 EPSC meeting, also addressing the issue of data security in respect of the shared service between the Contact Centre and Control Room</p> | <p>Deputy Town Clerk – September 2012</p> | <p>Report scheduled for September meeting</p> | <p>Closed Report presented in September 2012</p> |
| <p>Report to 27/9/11 meeting: Town Clerk's departmental report - Efficiency review</p> | <p>The Deputy Town Clerk to check on the role of the Member Development Group.</p> | <p>Town Clerk – Future EPSC meeting</p> | <p>EPSC July 2012 - The Deputy Town Clerk gave a verbal update. It was noted that the Member Development Group has discussed its role and have made it clear that its remit centres on learning and development. The Group will be looking to create a comprehensive induction programme for new Members following Court elections in 2013.</p> | <p>Closed</p> |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

| Departmental report – Department of Community and Children’s Services | | | | |
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| Report to 27/9/11 meeting: Community & Children’s Services department - Efficiency review | That future progress regarding the delivery of efficiency and performance improvements and the DCCS commissioning strategy should be <u>reported in summary form to the Efficiency & Performance sub-Committee</u> either as a separate report or within the Transformation and Efficiency Board update reports. | Director of Community & Children's Services | Community and Children’s Services Committee June 2012 - The Committee received an update highlighting the commissioning intentions for 2012/13. The strategy included three reviews: supported living; Portsoken Area, and youth services, the outcomes of which are due later this year. Other commissioned services were highlighted in the June report, including the 2012/13 priorities. August 2012 – Report to be submitted to Community and Children’s Services Committee in October regarding reviews of Youth Service and Supported Living. Reviews for 2013/14 to be agreed in March 2013. | Open – update scheduled for November meeting |
| Departmental report – City Surveyor’s Department | | | | |
| Report to 24/11/11 meeting: City Surveyor’s department - | Report noted – no further actions requested | N/A | | Closed |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

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| Efficiency review | | | | |
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| Departmental report – Guildhall School of Music & Drama | | | | |
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| Report to 16/3/12 meeting: Departmental review - Guildhall School of Music & Drama | Members requested regular reporting to the Committee on the financial position of the GSMD (including updates on the fundraising campaign) and an analysis of the best and worst case scenarios based on variable student numbers over a 5 year period. | Chamberlain – July 2012 | July 2012 – An update report was presented, covering the overall financial position of the School and fundraising activities for the new Milton Court building. | Closed See below for follow-up action |
| Report to 12/7/12 meeting: Guildhall School of Music and Drama - Update | The Chamberlain to provide an update report on Milton Court fundraising, including a breakdown of funds that had been pledged and those that had been received. | Chamberlain – September 2012 | A report will be presented to the September 2012 meeting | Closed Update to September 2012 meeting |
| Report to 12/7/12 meeting: Guildhall School of Music and Drama - Update | The Chamberlain to table a report to Members as soon as the GSMD student intake for 2012/13 is finalised. | Chamberlain – November 2012 | July 2012 - Student numbers not expected to be finalised until end of September, therefore report to be presented in November 2012 | Open – scheduled for November meeting |
| Report to 12/7/12 meeting: Guildhall School of Music and Drama - Update | To invite the GSMD's Principal, Chief Operating & Financial Officer and Chairman of the Board of Governors to the 14 November 2012 meeting with a full report on its financial performance. | Town Clerk – November 2012 | | Open – scheduled for November meeting |

**EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)**

| Departmental report – Barbican Centre | | | | |
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| Report to 24/11/11 meeting: Barbican Centre Update | Members were updated on the plans for reducing the Centre's expenditure and increasing income. Members requested that the sub-Committee be kept informed of any related financial matters as necessary. | Chamberlain/Managing Director of the Barbican Centre | August 2012 – No issues requiring Member attention. Financial forecast for 2012/13 within budget. | Open |
| Improved co-ordination (“Joining-up”) between Mansion House, Guildhall complex and the Central Criminal Court | | | | |
| Report to 23/5/11 meeting: Mansion House, Guildhall and the Central Criminal Court – Improved Coordination | Officers to report back after six months on progress. | Town Clerk – November 2011 | February 2012 – A report was tabled that updated Members on the work undertaken by various officer groups looking at specific aspects of closer working and outlined the progress made in these areas to date. | Closed See below for follow-up action |
| Report to 3/2/11 meeting: Improved co-ordination – progress update | That the Chairman and Deputy Chairman are updated on progress made in all areas of improved coordination, with full updates on the CRM database and seating arrangements being reported to the Committee for information as it is reported through the other relevant | Town Clerk – Future EPSC meetings | May 2012 - 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 | Open |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

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| | Committees. | | required on joining up the departmental diaries to create a central Corporation diary. July 2012 – Update on CRM system provided to the Policy and Resources Committee | |
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| Central Recharges | | | | |
|---|--|------------------------------|--|--------|
| Report to 23/5/11 meeting: Future work programme and matters arising from minutes of EWP on 4/3/11 | The Chamberlain to submit a report concerning central recharges to the next meeting of the Sub Committee. | Chamberlain – July 2011 | July 2011 – A report was received | Closed |
| Report to 13/7/11 meeting: Internal recharges | The Chamberlain to submit a report to the September meeting of the Sub-Committee providing more evidence and reassurance that the internal recharge system is delivering value for money | Chamberlain – September 2011 | EPSC September 2011 – The Chamberlain noted that a report would be submitted to the November meeting EPSC November 2011 - The Chamberlain updated Members on the recharging system. | Closed |
| Report to 24/11/11 meeting: | That the Chamberlain would provide Members | Chamberlain – February | February 2012 – A report was | Open – |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

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| Chamberlain's departmental recharges - Value for money analysis | with further detail on comparative service delivery costs and to submit a report to Members to reconsider the issue of internal recharges and value for money | 2012 | received outlining the difficulties in measuring the City Corporation against the CIPFA Public Sector Corporate Services Value for Money. The Financial Services Director stated that she was exploring other possibilities, including a London-wide benchmarking club, supported by CIPFA, to look at the issues instead. This was welcomed by Members. August 2012 – City to participate in the five corporate service benchmarking clubs (HR, IS, Legal, Finance and Property Services). | update to be provided after results of corporate service benchmarking received and analysed |
| Business Planning | | | | |
| Report to 13/7/11 meeting: Town Clerk's Department business plan summaries | Members suggested improvements to the format of summary business plans | Town Clerk – as part of refresh of Business Planning framework | EPSC September 2011 – The revised Business Planning framework was presented to the sub-Committee incorporating the suggested amendments. Members confirmed that revised format provided them with sufficient information. | Closed |
| Report to 27/9/11 meeting: Business Planning Framework | Members suggested revisions to the Business Planning framework/process | Town Clerk | EPSC October 2011 - The revised framework was issued to Chief Officers, incorporating the suggested revisions. | Closed |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

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| 2012/13 | | | | |
| Report to 27/9/11 meeting: Business Planning Framework 2012/13 | That a “think piece” report showing linkages between Business Planning and Resource Allocation be submitted to the sub-Committee | Chamberlain – February 2012 | <p>EPSC February 2012 – A report was submitted to Members who agreed that, as part of the 2013/14 budget estimates process, the forward financial planning position and key business plan objectives would be reported together to Committees so that these could be taken into account more visibly in the financial planning process.</p> <p>July 2012 - Business planning objectives now included as section in the revised templates for service committees for 2013/14 budget estimates.</p> | Closed |
| Miscellaneous | | | | |
| Report to 23/5/11 meeting: Future Work Programme | That the Sub-Committee should consider the way in which the City Corporation undertakes street works , using the Cheapside street works as an example. | Director of the Built Environment | <p>October 2011 – New Department of the Built Environment formed to bring together Planning & Transportation with Highways and improve coordination of services.</p> <p>December 2011 - The Planning & Transportation Committee considered a report of the Director of the Built</p> | Closed |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

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| | | | <p>Environment setting out proposals for a new five point plan, which officers have developed, to achieve improved communication and greater coordination in relation to both our own streetworks, and those of the utility companies.</p> <p>June 2012 - The Planning & Transportation Committee considered a report of the Director of the Built Environment updating Members on the five point plan to achieve improved communication and greater coordination of streetworks.</p> <p>August 2012 – New contractor appointed. Streetworks permitted to be undertaken in the evening where possible to cut street occupancy times. Cannon Street works completed with minimal disturbance.</p> | |
| Report to 13/7/11: Efficiency Sub-Committee minutes | That a report on the outcome of the Due Diligence process relating to tenderers as part of the PP2P programme would be submitted to the 26 July meeting of the Finance Committee. | Chamberlain – July 2012 | July 2012 – This was reported to the Finance Committee as part of its regular PP2P update report. | Closed |
| Report to 16/3/12: Transformation and Efficiency | That the iMPower report on Demand Management and Behaviour Change be circulated to the Sub-Committee by email as | Town Clerk – As soon as possible | Circulated to Members by email on 19/3/12. | Closed |

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)

| | | | | |
|---|--|-----------------------------------|--|--------|
| Boards | soon as possible | | | |
| Report to 18/5/12: Transformation and Efficiency Boards update | To invite the Comptroller & City Solicitor to present to the Committee his experience in cross-borough working . | Town Clerk – July 2012 | July 2012 – The Comptroller and City Solicitor gave a presentation on the cross-borough initiative between Westminster, Hammersmith and Kensington & Chelsea councils. | Closed |
| Report to 12/7/12: Transformation and Efficiency Boards update | The Chamberlain will explore how future finance reports could include a breakdown of internal and external staffing costs charged to City Corporation projects, especially where recharges could be made. | Chamberlain – Future EPSC meeting | Estimated internal staff costs are now included in the gateway 1 and 2 template reports for City Corporation projects. The review of the breakdown of staff costs to projects is currently being specified. | Open |
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Performance Management

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|--|--|------------|--|--------|
| Report to 27/9/11: Transformation and Efficiency Boards | That the dashboard outputs from the pan-London benchmarking tool 'Local Area Performance Solution' (LAPS) and the national 'LG Inform' tool are appended to the update reports on the Transformation and Efficiency Boards as appropriate. | Town Clerk | Both dashboards were appended to the Transformation and Efficiency Board update reports on 16/3/12 and 18/5/12. At the 18/5/12 meeting, Members requested that the LG Inform dashboard only be attached where | Closed |
|--|--|------------|--|--------|

**EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)**

| | | | | |
|---|--|---|---|---|
| | | | significant concerns are highlighted. | |
| Report to 12/7/12 meeting: Transformation and Efficiency Boards update | That an update would be provided at a future meeting on Performance Indicator LIS 14 from the LAPS dashboard (% of carers receiving a carers assessment) | Director of Community and Children's Services | To be included within the Transformation and Efficiency Boards update report in September 2012. | Closed Included in Transformation and Efficiency Boards update report - September 2012 |

| Thematic Reviews | | | | |
|---|--|--|--|--------|
| Report to 16/3/12: Future programme of the Sub-Committee | Members agreed to suspend the programme of departmental reporting and asked officers to present to the next EPSC meeting a detailed future work programme. Members agreed to receive a report on Income Generation. | Work Programme: Town Clerk – May 2012 Income Generation: Chamberlain – May 2012 | May 2012 – a report was received outlining proposals for the future work programme. Members expressed support for the proposals so long as the programme was flexible, allowing for matters to be added or removed as necessary. A focus on wider City Corporation issues rather than departmental reporting was endorsed so long as the Committee reserved the right to review individual departments as and when particular issues arose. May 2012 – A report was received on | Closed |

**EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE (EPSC) - Outstanding Actions
(as at 4 September 2012)**

| | | | | |
|---|--|------------------------------------|--|---|
| | | | income generation initiatives. | |
| Report to 18/5/2012: Income generation initiatives | <p>Members expressed a desire to be updated on the agreed actions:</p> <ul style="list-style-type: none"> To establish a Corporate Project Board to work with Chief Officers to identify new income streams and priority areas to increase the level and scope of charges made for existing services. To give consideration to identifying services which, in accordance with the Local Government Act 2003, might require the establishment of trading accounts to exploit income generation opportunities. | Chamberlain – Future EPSC meetings | Work is currently being specified along with resources and milestones. | Open – update scheduled for November meeting |
| Report to 12/7/12: Transformation and Efficiency Boards update | Members agreed that the work programme for the sub-Committee (as agreed at 18/05/12 meeting) would be revised and brought back to the sub-Committee for consideration at its next meeting. | Town Clerk – September 2012 | EPSC September 2012 - This is currently being drafted and will be presented to the September 2012 meeting. | Closed Included in Transformation and Efficiency Boards update report - September 2012 |

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|---|---------------------|
| Committee(s): | Date(s): |
| Efficiency and Performance Sub (Finance) Committee | 18 September 2012 |
| Subject: Transformation and Efficiency Boards | Public |
| Report of: Deputy Town Clerk and Chamberlain | For Decision |
| <u>Summary</u> | |
| <p>Since the last sub-Committee meeting, the Transformation Board has met twice and the Efficiency Board once. In addition a joint meeting of the Boards was held to identify potential future areas for reviewing efficiency.</p> <p>The Transformation Board received a presentation on the second round of PP2P ChangeTracking results, discussed the latest information from the London Collaborative Efficiency Network, and considered the output from the joint meeting of the two Boards, 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 the future work programme of this sub-Committee, the “triggers” for departmental reporting, and a Local Government Association report on shared services.</p> | |
| Recommendations | |
| <ul style="list-style-type: none"> i That Members receive this update ii That Members note the proposed future work programme for this sub-Committee (appendix 2) iii That Members approve the “triggers” for departmental reporting (paragraphs 14-21) | |

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. **PP2P ChangeTracking results** The Board received a presentation on the second phase (of three) of the PP2P (Procurement and Procure to Pay) ChangeTracking survey. This survey measures the extent to which the objectives of the change programme have been achieved, the impact on business performance while change takes place and the strength of critical change drivers, by surveying staff across the organisation. For this phase, 755 staff across all departments, including the City of London Police, were invited to participate, with a response rate of 64%.
4. The questions asked in the survey are grouped into twelve key “clusters”, such as “Management Commitment”, “Communication”, “Involvement” and “Passion and Drive”. The results show that improvements have taken place since the previous phase (six months previously) with an 8-17% improvement in nearly all of the key clusters, although most are still below the norm derived from surveys conducted in other organisations undergoing change.
5. The summary report for the City Corporation notes: “Support provided from Chief Officers, as well as the understanding of the PP2P vision for the future have increased. Roles and responsibilities, however, are unclear in relation to PP2P. As a result, people are feeling uninvolved in relation to PP2P. There is also lack of accountability for achieving objectives. The focus needs to be in increasing Involvement, Passion and Drive, and Accountability.”
6. Results are also provided at departmental level, and each department is required to produce an action plan in response to their results and to identify actions that have resulted in improved responses. These action plans will be reported to the Transformation Board and reviewed in the run up to the final survey. The Board noted the important role of the departmental change partners and the need to focus on the middle management communications

cascade and clearly explaining to staff the full range of tangible benefits anticipated from the PP2P programme.

7. **London Collaborative Efficiency Network** The Board received an update on the issues discussed by the LCEN, a meeting of officers representing the various sub-regional improvement and efficiency networks within London. The City has taken an active role by agreeing to host the meetings, which take place every two months and are attended representatives from the networks covering West, North, South and East London, from London Councils/Capital Ambition as well as City officers. These meetings provide a valuable insight into the collaborative projects taking place elsewhere in London, and provide an opportunity to discuss the risks and barriers to greater sharing as well as the opportunities and benefits. Information gained is fed back to officers involved in the specific service areas discussed as well as to the Transformation Board.
8. The most common collaborative projects are in the areas of procurement, adults' social care services and children's services. At the City, these areas are being addressed through the PP2P project and the Department of Community and Children's Services Commissioning Strategy. The most recent network meeting also discussed environmental services (e.g. waste collection, highways maintenance) where it was noted that despite the existence of sub-regional networks, many authorities are still operating individual contracts. The meeting also discussed apprenticeships and City officers were able to pass on details of the City's successful scheme, run by the Adult Learning Section in the Department of Community and Children's Services. There was also agreement that the Network should consider ways of promoting and communicating the efficiency and improvement projects and programmes being delivered in London.
9. **Strategic Opportunities Workshop** As noted at the last meeting, a joint meeting of the Transformation and Efficiency Boards was held in July to identify further areas or operations where detailed review would potentially be able to generate performance and behavioural improvements. Whilst acknowledging the significant improvements made by the City Corporation in rationalising back office services, restructuring and amalgamating departments, modernising HR practices, and improving corporate and individual performance management, it was concluded that opportunities existed for further developments in areas such as income generation and ways of working. Individual work areas were identified and lead officers agreed to develop outline project briefs. These were reviewed by the Transformation Board and further work requested in preparation for a discussion with the new Town Clerk.

10. **Updates on Strategic Reviews** The Board receives updates on the key strategic projects at each meeting. Issues highlighted recently include:
- i. **IS**: An Information Management Governance Board has been established and draft terms of reference agreed with the Chairman (Philip Everett). The Information Management Strategy will be reviewed by December 2012. Soft market testing for phase II of the IS review (alternative sourcing options) is taking place between August and October 2012.
 - ii. **PP2P**: A full update on PP2P is provided later on the agenda for today's meeting.
 - iii. **Strategic Finance Review**: Departmental views of the current service have been considered by the Finance leadership Group and an action plan has been agreed. Service protocols for two pilot departments have been completed, and will be rolled out to other departments for 2012/13.
 - iv. **HR**: The HR review has completed the professional consultation stage and several meetings have been held with staff to discuss the proposed model. The new structure creates further efficiencies with an additional £150K per annum taken out of the HR budget with effect from 1st April 2012. The final proposals will be followed by personal consultation and the new structure is anticipated to go live in November 2012.
 - v. **Property Facilities Management**: The proposed final FM restructure will be discussed with Chief Officers in the autumn, with all staff consultations and the end state restructure completed by March 2013.

Efficiency Board

11. The following key issues have been discussed at the Efficiency Board, chaired by Chris Bilsland, since the last sub-Committee meeting.
12. **Efficiency and Performance sub-Committee** The Efficiency Board has continued to discuss the items to be presented to future meetings of this sub-Committee, in accordance with the decision to focus on wider cross-organisational issues (i.e. 'thematic' reporting). The Board has discussed a forward plan for future reporting, which is included at Appendix 2. Members will note that this Transformation and Efficiency Boards update and the outstanding items schedule appear as standing items at each meeting.
13. The Board has also considered a draft report from the Efficiency Scrutiny Team (led by Internal Audit with assistance from the Heads of Finance and the Corporate Performance and Development Team) presenting the initial results

of an analysis of expenditure coded to Third Party Payments. This concluded that the significant areas of Third Party Payment spend were already under active consideration by existing reviews (e.g. PP2P; Department of Community and Children's Services Commissioning Strategy). The Board requested that further work be carried out before the report is presented to Chief Officers and to this sub-Committee in November.

14. **Triggers for Departmental Reporting** When this sub-Committee agreed to suspend departmental reporting and focus on wider cross-organisational issues, you reserved the right to review individual departments as and when particular issues of concern arose. The experience of the sub-Committee and its reporting officers has been that it can be difficult to filter through large amounts of data and find the exceptions and thresholds that are needed to inform the sub-Committee on service performance issues of concern which, in turn, the sub-Committee needs to meet its performance monitoring remit.
15. It was therefore agreed at your last meeting that a process of exception reporting would be implemented, requiring the definition of threshold points. It is proposed that these thresholds will be based on key indicators and alerts ("triggers") which notify that exceptional conditions of a critical nature have occurred.
16. The indicators and alerts are proposed as follows:
 - Indicators highlighted by the Local Area Performance Solution (LAPS);
 - Indicators highlighted from benchmarking studies;
 - Issues highlighted from external audit or inspections;
 - Issues highlighted in committee reports (e.g. quarterly performance and budget monitoring reports);
 - Issues highlighted in national studies, particularly the National Audit Office programme of reviews; and
 - Issues of public concern (i.e. with, or likely to have high media profile).
17. The above list is not meant to be exhaustive but does cover the main sources for comparative information relating to service performance.
18. Members will be aware that the Efficiency and Transformation Boards monitor performance across the whole organisation and therefore any indicators or issues highlighted will, in the first instance, generate a request for the department to report its actions to the appropriate officer board. This report will typically include the reasons for the concern and the corrective action proposed or implemented by the department. The board will then determine the necessity for escalating the concern to the sub-Committee for Member consideration, based on its evaluation of the processes in place, the robustness

of the corrective action and whether the triggered issues are repeated or ongoing.

19. So far as defining thresholds is concerned, officers will report on any unresolved items which are thought to be business critical to the Corporation and therefore material. However Members will be well aware that, given the nature of materiality, professional judgment is required when making an assessment. Materiality cannot be looked at only from a quantitative standpoint, it is important to also consider qualitative factors – for example the reputational impact – which could turn a quantitatively small issue into a material issue.
20. Rather than setting a figure for materiality, a rules-based approach will be followed in determining whether an issue is material and should be reported to the sub-Committee. An issue will be deemed to be material if it:
 - reflects a failure to meet expectations;
 - has a significant impact on service performance and/or operating results; or
 - affects compliance with regulatory requirements.
21. Members are asked to comment on, and approve these proposals for triggering departmental reports.
22. **LGA report on Shared Services** The Board considered a report produced for the LGA (Local Government Association) analysing the financial and non-financial benefits of local authority shared services: “*Services shared: costs spared?*”. The report was produced by consultants Drummond MacFarlane, who met with the Deputy Town Clerk during their fieldwork. The help provided by the City Corporation is acknowledged in the report. The report examines in detail five examples which have achieved savings from reducing staff (removing duplication and management posts), better integrating IT, using property more effectively and improving procurement.
23. The research found that set-up and integration costs have been recouped by savings in less than two years in all cases, and that once the joint functions had been established, they could be expanded to provide services for other parts of the public sector, generating income and ensuring efficiencies through greater economies of scale. In many cases the shared services had also succeeded in providing the same or better levels of performance at less cost. In making recommendations to other councils, the report concluded that baseline financial and performance information is “essential” to make the case for change, and also to track the efficiency benefits.

24. The Board concluded that the report provided a useful summary of the key high-level issues relating to sharing services between authorities. It also provided reassurance that the City Corporation is taking the correct strategic approach and supported the methodology used for reviews such as PP2P. The report also contains an evaluation toolkit, which the Board felt would be useful when developing business cases for future shared services initiatives.
25. A report on the progress of proposals for shared services between the City Corporation and the City Police is presented separately on the agenda for this meeting, and an update on the wider shared services initiatives being pursued by City Corporation departments will be reported to the next meeting of this sub-Committee.
26. **Local Area Performance Solution (LAPS)** London Councils was due to release the quarter one (1st April – 30th June 2012) dashboard for LAPS, the benchmarking tool comparing service performance data from London Boroughs on 12th September. An interim version has been received which showed that of the 20 indicators applicable to the City Corporation, performance in 12 was in the top quartile and above average for a further 4, when compared with the other authorities who submitted data. A full report will be presented to your next meeting. This will include comments on the indicators where the City's performance is in the lowest quartile.
27. London Councils have announced that the LAPS dashboard and time series will be published in September 2012. 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.

LIS 14: % of carers receiving needs assessment or review

28. At your last meeting, a query was raised regarding this indicator where the City's performance was in the lowest quartile for the final quarter of 2011/12. At that time, the City was reporting that it had 57 registered carers for 192 clients receiving a community based service in the year. Of these carers, 20 received a carer assessment. The Director of Community and Children's Services has provided the following comments on the Department's plans to address this issue.
29. The Department of Community and Children's Services is in the process of commissioning a new, carer-focused outreach, support and early intervention service to deliver high quality outcomes for carers in the city. Part of this service will be information, advice, training and support for identified carers; as well as seeking to identify potential 'hidden carers' requiring support. The new provider will be identified in mid-October.

30. The Carers Strategy Action Plan for 2012/13 includes:

- Ensuring there is a reassessment of all known carers;
- Offering all eligible Carers an Individual Budget by March 2013;
- Ensuring all carers have an annual review by March 2013;
- Linking with providers to support identification and referrals for all new carers; and
- Refreshing and updating website information for carers and potential carers.

31. Internal quality assurance also includes auditing all incoming work into Adult Social Care to check whether a Carer has been identified within the assessment and if a review date has been set.

32. **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 (as at 15th August 2012)
2. Draft work programme for the sub-Committee

Contact:

Neil Davies, Head of Corporate Performance and Development
020 7332 3327
performance@cityoflondon.gov.uk

SAVINGS SCHEDULE
(as at 15th August 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 |

Efficiency and Performance Sub (Finance) Committee Draft Work Programme 2012/13

| Date | Items (report of...) |
|--|--|
| Tuesday 18 th September 2012 | <ul style="list-style-type: none"> • Outstanding issues (Town Clerk) • Transformation and Efficiency Boards (Deputy Town Clerk and Chamberlain) • Shared Services: City of London Corporation and City of London Police (Deputy Town Clerk) • PP2P (Chamberlain) • GSMD – Milton Court fundraising update (Chamberlain) |
| Wednesday 14 th November 2012 | <ul style="list-style-type: none"> • Transformation and Efficiency Boards (Deputy Town Clerk and Chamberlain) • Outstanding issues (Town Clerk) • GSMD - full report (Principal of the GSMD/Chamberlain) • Shared Services: General update (Deputy Town Clerk) • Third Party Payments analysis (Chamberlain) • Income Generation review update (Chamberlain) |
| | |
| Standing items for future meetings | <ul style="list-style-type: none"> • Transformation and Efficiency Boards (Deputy Town Clerk and Chamberlain) • Outstanding issues (Town Clerk) |
| Future efficiency review areas to be allocated | <ul style="list-style-type: none"> • Central Risk Grants (excluding Museum of London and LSO) |
| | <ul style="list-style-type: none"> • Supplies and Services |
| | <ul style="list-style-type: none"> • Premises costs/accommodation review |
| | <ul style="list-style-type: none"> • Channel shift |
| | <ul style="list-style-type: none"> • Behaviour Change / Demand Management |

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|---|------------------------|
| Committee(s): | Date(s): |
| Efficiency and Performance Sub (Finance) Committee | 18 September 2012 |
| Subject: Shared Services (City of London Corporation & City of London Police) | Public |
| Report of: Deputy Town Clerk | For Information |
| <p><u>Summary</u></p> <p>Work has been underway between the City of London Corporation and the City of London Police to develop a shared service model in a number of areas. Members of the Police Committee were updated on progress in April of this year. This report highlights the progress of the Occupational Health (OH) project which will lead to direct financial savings and the Call Handling project which will improve service levels and response times. These are the two most developed areas. Human Resources and Public Relations are also being examined for potential sharing while for Information Systems (IS), the Police are progressing with an external service among East of England police forces.</p> <p>Recommendation</p> <p>That Members receive this update.</p> | |

Main Report

Background

1. The City of London Corporation and the City of London Police have a long history of collaborative working on areas of mutual interest; indeed both organisations are working very closely together on the procurement project ‘PP2P’. With this history in mind, work began, last year, on looking at certain areas to see if a shared service would be beneficial. For the purposes of this report a shared service is defined as a service that is of mutual interest, is mutually beneficial, ‘adds value’ to both organisations and is administered by either both organisations or by one of the organisations.

Overarching Projects

2. The City Corporation and Police Shared Services Project is underpinned by the outcomes of the Accommodation Review. There is agreement in principle that the City Police will utilise the office accommodation within Guildhall Yard East (GYE). This will dovetail with the City Corporation seeking to vacate GYE. This shared accommodation is likely to assist with some of the potential shared services such as the use of a shared call handling system.
3. The City Corporation's procurement project 'PP2P' also has an impact on the work of shared services. Two areas, namely, that of facilities management and finance, where a potential shared service might be viable, are being picked-up by the work of PP2P over the coming months and we will keep Members informed of that work as it is progressed.

Project Updates

Call Handling

4. When officers reported to Members of the Police Committee earlier this year, it was agreed by Members that a pilot project would take place between the Police's Control Room and the City Corporation's Contact Centre. The purpose of the pilot, which is currently on-going, is to assess the effectiveness of City Corporation staff working with the City Police by answering non-emergency calls. The pilot follows some initial joint working earlier this year during which staff from the Corporation shadowed staff in the Police's Control Room and undertook a full programme of training. Over the first two full weeks of running, 2001 calls have been taken, with an average service level of 93.3% of calls answered within 20 seconds, this was an improvement on police performance.
5. The pilot will be reviewed this month and if successful, could be expanded to include the other Police force numbers but not '999' calls. Members have previously queried about security clearance for Contact Centre staff; however, we were advised by the Police that it was unnecessary for Corporation staff to have security clearance due to the non-sensitive nature of the calls. This project may not lead to direct financial savings in the short-term but will lead to increased service levels and a qualitative improvement, as has been demonstrated in the pilot. Thought was given as to whether the Police could handle 'out of hours' calls for the City Corporation. There was, however, not the volume of 'out of hours' calls to make this worthwhile.

Occupational Health

6. The project to implement a shared service to deliver Occupational Health (OH) services to the Corporation and the Police at reduced cost is underway. The new Shared Service will fully integrate the two existing OH Units and staff. Implementation will commence in October 2012. The location of the unit is still to be determined, although it will likely be located in Walbrook Wharf.
7. A number of benefits are anticipated as a result of sharing the service. These will include: sharing experience and expertise; increased resilience through improved cover for absences at no additional cost; increased availability for initial appointments and a reduction in waiting times; streamlining of processes and procedures; economies relating to shared contracted services for physiotherapy and psychological support resulting in fewer hours being required overall; savings in accommodation costs.
8. As previously reported, savings from the first phase of implementing the shared service are estimated to be £77,500. A further review will be undertaken during the first year of the service to assess the scope for achieving further efficiencies both cashable and non-cashable.

Human Resources

9. Building on the success of the Occupational Health initiative, work is underway to examine whether further Human Resources services can be shared between the Corporation and the Police. Several work streams such as I-Trent (software system) are being examined to see if both parties can benefit from areas of a shared service. It is possible that the Police could use I-Trent to form a basis for the rostering of police officers; this work is still being examined.
10. A joint City Corporation/Police meeting was held in August, attended by the key stakeholders to discuss the scope and scale of a potential shared service. The Director of HR for the City Corporation and the Director of Corporate Services for the Police agreed to scope the potential to share: examining whether a whole-scale integration was desired or a menu of services could be provided. This work will be concluded in the coming months, and updates will be provided to Members should a shared service progress.

Other Areas

11. Two further areas were examined, namely functions of the Public Relations Office and Information Systems. Further work is being undertaken by the Police to see whether certain functions could be conducted by the City Corporation, and the Police's interim head of corporate communication is looking at what work is currently undertaken by the Police. It is not thought that there are large-scale savings to be made, rather, an improvement in the quality of the service. Work is, however, on-going on IS and the Police are examining a potential collaboration with the East Coast Information Services – a grouping of Police Forces location in the eastern region.

Conclusion

12. Where there is a financial or qualitative saving, work has progressed, namely with OH and Call Handling. Further work is being undertaken in the areas of Human Resources, Public Relations and IS. When appropriate, officers will provide Members with further updates on the progress of the individual projects.

Agenda Item 7

| | |
|--|------------------------|
| Committee(s): | Date(s): |
| Efficiency and Performance Sub (Finance Committee) | 18 September 2012 |
| Subject: Review of the Procurement and Procure to Pay (PP2P) programme | Public |
| Report of: Chamberlain | For Information |
| <p style="text-align: center;"><u>Summary</u></p> <p>When the Finance Committee and subsequently the Court of Common Council approved the PP2P Programme it was looking for four major benefits:</p> <ul style="list-style-type: none">• Procurement capacity to be reorganised along modern category management lines – this is being achieved• Substantial savings to be delivered by the category management approach – this is being achieved• Process efficiencies should become available; - these should be achieved once the CLPS is formed; and• A professional buying image covering the whole organisation to be projected – this is being achieved. <p>The driver for the PP2P programme has always been the need to make savings on third party procurement. However, it is the requirement to transform the way the City Corporation undertakes the procurement process to ensure these savings are embedded that has proved to be the major part of the challenge. It was also recognised that external support was required to ensure that the savings were delivered, the City of London procurement services was implemented and also capable of being sustained.</p> <p>Overall, the PP2P Programme is demonstrably delivering its objectives. However the journey has been and continues to be challenging and this report sets out the progress we have made in addressing those challenges.</p> <p>Recommendations</p> <ul style="list-style-type: none">• Members are asked to receive this report | |

Main Report

Background

1. The PP2P programme is reported regularly to the Finance Committee however it was agreed that it would be appropriate for this sub-Committee to take an in depth review of the programme and progress to date.
2. This report sets out a reprise of the origins of the project, its key objectives agreed by the Court of Common Council in December 2010 and more detail about how the programme is progressing and what has been achieved to date.

Origins of the PP2P Programme

3. As part of the on-going drive to raise standards and improve efficiencies the City Corporation embarked on a number of corporate reviews. These reviews form part of the City's financial strategy to address the deficits of the City Fund and City's Cash. The whole area of procurement was subject of one of these reviews in 2009. Whilst its primary objective was to deliver substantial savings on third party spend (e.g. repairs and maintenance), the review also aimed to deliver procedural efficiencies and equip staff in professional procurement techniques which will lead to a better service and further savings.
4. In developing the Procurement and Procure to Pay Review the City Corporation looked at the experience of early public sector adopters. These experiences were compared to the City Corporation's current position where procurement is largely delivered vertically throughout the organisation (i.e. on a departmental rather than a corporate basis) which militates against best practice such as aggregating spend to maximise purchasing power and adopting best practice techniques such as category management. So although the City Corporation has been active in developing its procurement function in some areas, it was recognised that a fundamental organisational change would be required to realise fully the substantial benefits and savings that were believed available.
5. A report was considered by the Finance Committee on 28th July 2009 which concluded that there were at least £3m p.a. of procurement savings that could be made if a modern category management approach to procurement was adopted by the City of London Corporation. It was agreed that this would not be achievable under the devolved organisational structure and that creating a central team to undertake the vast majority of the procurement and procure to pay activities was the preferred solution.
6. The report also agreed that it was essential to bring in external expertise through the engagement of a commercial partner which was achieved when Accenture were appointed under the Competitive Dialogue procedure of the European Procurement Directive.

7. The benefits of making such a major strategic change were identified as having:
 - Procurement capacity reorganised along modern category management lines led by a team or manager that has the relevant professional expertise;
 - Substantial savings can be delivered by the category management approach;
 - Process efficiencies should become available; and
 - A professional buying image covering the whole organisation that will be projected to the market and the supply chain.
8. Accenture were the successful bidder and were appointed by resolution of the Court of Common Council on 13th January 2011 following the procurement process which was scrutinised by the Finance Committee.

Objectives of the PP2P programme

9. The report to Court of Common Council in January 2011 set out that there was an expected benefit of £31.4m savings over the five year period of the partnership with Accenture which would leave an ongoing annual legacy of £9.4m p.a. in savings. The bid price was £12.48m with a break even point estimated at month 27 of the contract.
10. In addition the following non-financial benefits were identified:
 - Transformation of the way procurement and procure to pay activities are undertaken by creating a new centralised procurement service with the ambition of being world class in its standards;
 - Training of City Corporation staff so that at the end of the contract they will be able to effectively manage and deliver the service;
 - Deployment of new technology through the implementation of an eMarketplace and a buyer portal to assist departments in requisitioning and using the new service; and
 - Joint management of the new service over the duration of the five year partnership.

Delivery of the Programme

11. Appendix A shows a diagrammatic representation of the five years of the programme which we have called the PP2P journey map. In summary there are four phases;
 - Quick Wins - March 2011 – March 2012 (Year 1)

- Transition - April 2012 to March 2013 (Year 2)
 - Stabilisation and Improvement - 2013 to 2014 (Years 3 and 4)
 - Handover – 2014 to 2015 (Year 5)
12. **Quick Wins** in Year 1 was put in place to create momentum and confidence in the programme, as well as to help reduce the City Corporation's financial exposure by delivering significant savings. The technology enablers were delivered in the first year, along with engagement with departments and preparatory work for the transition phase.
 13. A due diligence exercise was also undertaken in the first three months during **which** the assumptions around the longer term savings projections were validated. The outcome of this was that the overall programme target was confirmed as £30.1m still with an annual legacy of £9.4m.
 14. We are now in the **Transition Phase** of the programme which is heavily focussed on establishing the City of London Procurement Service (CLPS) which will start to deliver the non-financial benefits of the programme. This phase also sees extensive engagement and work with departments in order to ensure that they are prepared and able to work effectively with the transformed procurement service. In addition, centralisation of disparate and inefficient transactional activity such as invoice processing and payment will occur, delivering substantial efficiency savings and improving the quality of management information.
 15. From March 2013 we will be into **Stabilisation and Improvement** which will see a reduction in the change management activity and support as well as the stabilisation of the new procurement service. The category based approach to sourcing will have been implemented however it will need to stabilise to ensure that the savings targets for the remainder of the partnership are delivered and that we have a sustainable approach that will continue to deliver savings beyond the life of this programme. To achieve this, the staff will be up skilled and there will be knowledge transfer from Accenture to City of London staff to prepare them to run the service in the long term.
 16. A process of review and continuous improvement will be implemented to ensure continued efficiency and performance savings while maintaining or improving the quality of procurement service to the City.
 17. The final **Handover** phase will start from 2014 up to the end of the contract in February 2015. This will be where the Accenture resources move out of the CLPS and the City Corporation carries out all of the activities which will be the sustainable legacy of the programme.

Fee structure

18. The fee structure has three elements to it: a fixed fee, a variable element (fees at risk) reflecting the delivery of agreed milestones, and a variable element (fees at risk) related to the delivery of financial savings.
19. For Year 1 the total estimated fees and the fees actually paid are set out in this table which was reported to Finance Committee in February 2012.

| Fee element | Year 1 estimated fees £ | Year 1 fees paid £ |
|-----------------------|----------------------------|-----------------------|
| Fixed Fees | 1,465,819 | 1,415,096 |
| Variable – milestones | 293,163 | 293,163 |
| Variable – savings | 1,172,654 | 232,975 |
| Total | 2,931,636 | 1,941,234 |

20. The fixed fee element relates to the investment of resources in the PP2P programme to give the capacity to make the change and deliver the savings in the early part of the programme until the CLPS is established and operational. In year 1 they included the purchase of the technology required for the eMarketplace. This is the technology that enables us to set up supplier catalogues which departments will use to place orders for goods.
21. The variable element related to milestones is included for the first 19 months of the contract and is directly related to the completion of key activities or tasks to ensure that the programme remains on target. After that point there will be a service level agreement relating to the inputs from Accenture into the newly formed CLPS. As a consequence of a phased implementation of the CLPS, we are reviewing the end point for the payments against milestones and the start of payments in accordance with the service level agreement.
22. The variable element of the fees relating to savings varies directly with the amount of savings that we make. There is an in depth process which is followed for the Savings Realisation Forum to sign off the each saving from each individual project. This was described in Appendix A to the report of the Finance Committee on 29th May 2012. Once the savings are signed off they are applied to the overall fees so that a monthly sum is paid to Accenture which relates to the benefit we gain from the savings.
23. Following the Finance Committee meeting on 4th September an addendum to this report will be prepared and circulated after the main papers setting out a fuller explanation of the savings and associated fees.

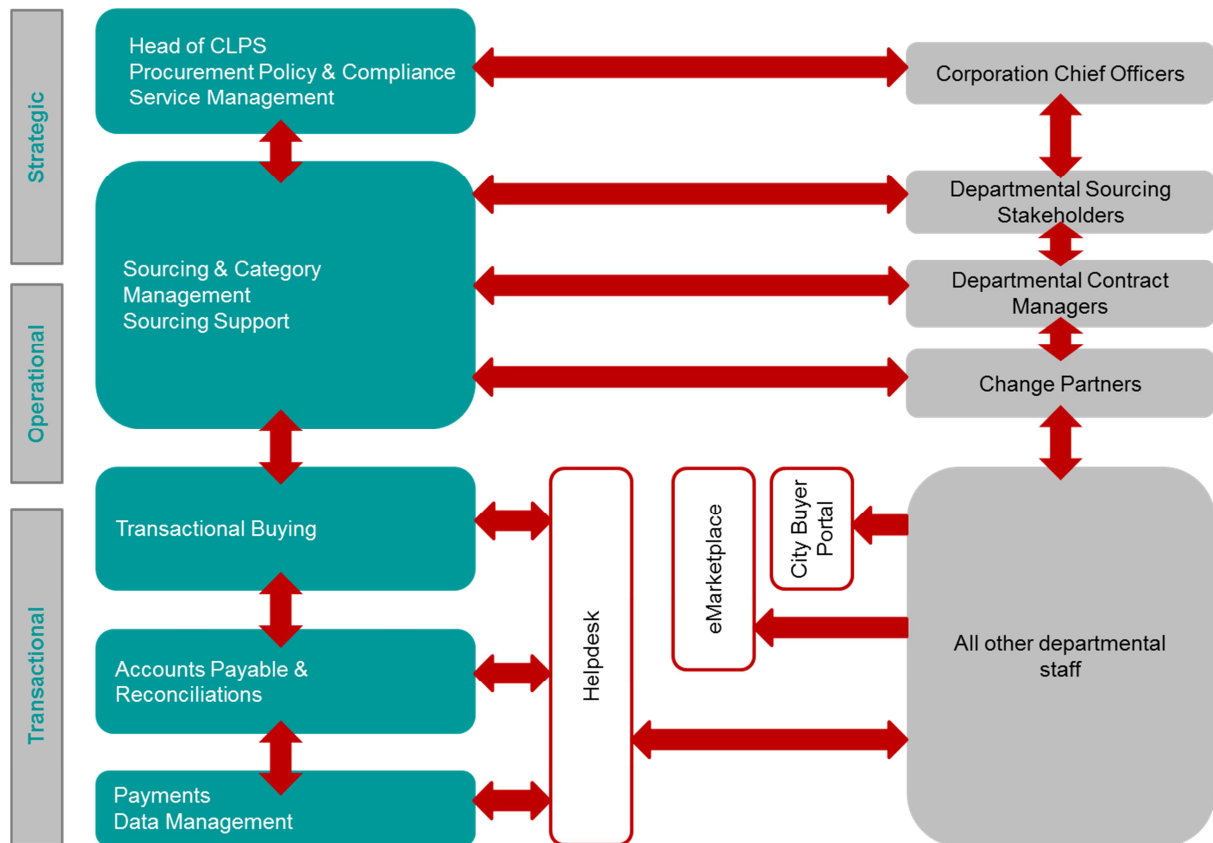
Progress to Date

24. The Quick Wins phase is now complete with the signing and mobilisation of two large sourcing projects for Highways and Building repairs and maintenance. The in year savings in year 1 amounted to £303,298 plus a further £101,000 of rebates totalling £404,298 against an original target of £1.48m. This was because it took longer to finalise these two major contracts; this delay has meant that these projects will contribute £12.1m to the overall PP2P programme target of £30.1m plus a further £5m of savings for the Corporation because they expire after the PP2P programme finishes. The £12m from these two projects together with the ongoing Year 1 savings of £3m means by July 2012 the programme has delivered 50% of the overall savings target agreed at due diligence. Category Boards have been established and are bedding in. As planned, the technology for the eMarket place was installed, the first eAuction was carried out, and contract management was established for those contracts let. This was particularly significant for the City Surveyor's department which has had to carry out its own reorganisation.

25. Year 2 transition sourcing projects are on target to meet the year 2 savings target of £3.2m. Once this is achieved, this will mean that a total of £18.5m of the £30.1m will be secured, but the real emphasis is now centred on the creation of the CLPS, an internal shared service providing procurement services to all departments across the Corporation. The CLPS will provide both support to complex procurement projects and also transaction processing such as paying supplier invoices and supporting buying activities. Not only is this a major task to consult with, transfer and recruit staff, there is a significant level of engagement with all departments to establish the processes that will be necessary to start the centralised service. This is only the beginning as once the CLPS is established there will be further refinement of processes to ensure that they are efficient and operationally excellent.

The Vision of the CLPS

26. The framework diagram below shows how the teams in the CLPS will work with and provide a service to the Corporation departments covering procurement, buying and paying invoices. Working in this way departments can make it clear what they need from the service to support them in delivering their own services.



27. The day-to-day route to the CLPS for both internal departments and external suppliers will be through the Helpdesk. The other route for departments will be the City Buyer intranet portal which it is expected will answer the majority of internal questions. Routing through the Helpdesk will allow the rest of the CLPS team to focus on strategic processes, with commonly asked questions and queries answered by the Helpdesk. When necessary the Helpdesk will direct calls to the core Sourcing & Category Management or transactional teams, if they cannot be resolved directly.
28. As indicated earlier, the eMarketplace will allow departments to select goods from supplier catalogues as they require them and then a single invoice will come to the CLPS for reconciliation and settlement.
29. The Accounts Payable & Reconciliations teams will work directly with departments and finance teams to process invoices and perform reconciliation activities to ensure that the right goods or services have been ordered and delivered, ready for payment to the supplier. Suppliers and creditors will contact the Helpdesk in the first instance for standard questions, such as whether an invoice has been paid. Where a supplier needs to change their details for example, or they have released new catalogue information, the Helpdesk will pass the contact on to the Payments & Data Management team. This team will also be responsible for paying suppliers and creditors, and as such will work closely with finance teams.

30. The Transactional Buying team will work with departments to buy low value, low risk goods and services. This could be through a simple quote approach, calling off of an existing framework, a one-off spot buy purchase or through an eAuction. High value, high risk buying that is subject to EU legislation will be passed to the Sourcing & Category Management team.
31. The Category Management team will engage with key departmental stakeholders on a project-by project basis, commonly through Category Boards. Category Managers will identify key stakeholders across departments for each sourcing project. The Category Managers will then run one-to-one sessions and cross-functional workshops to collate requirements across departments, to agree strategic direction and to follow the agreed evaluation criteria in order to identify the successful supplier/s. The Sourcing & Category Management teams will follow the Corporation's Procurement Regulations to minimise risk and ensure that the right approvals are sought at the right time, for example from service committees. The upfront engagement and buy-in of the stakeholder group is crucial to the success and final sign off of a sourcing project.
32. The Category Management team will also have a link to the Contract Managers who will remain in departments. When a Contract Manager has a repeated issue with a specific supplier that cannot be resolved with the supplier directly, they will contact the appropriate Category Manager and request appropriate support to resolve the matter. The Category Manager will work with the Supplier Performance Officer to collect supplier performance information to support this resolution, as well as identifying any other relevant people who need to be involved.
33. Each department will have a dedicated point of contact within the CLPS teams, who will be able to provide specialist support specific to that department throughout the buying and paying process. Departments will be able to feed back their views on the level of service provided by the CLPS, as well as specific requirements and specifications as part of each sourcing project.
34. The Head of CLPS, with support from Procurement Policy & Compliance and Service Management teams, will be responsible for collating the strategic procurement requirements of each of the departments and understanding any specific policies that need to be adhered to. They will also be the first point of contact for senior departmental team members and Chief Officers. The team will feed strategic departmental requirements directly to the Sourcing & Category Management team to help shape their thinking. A key responsibility of the Service Management team is the measurement of service performance indicators and performance measures.

Timetable for establishing the CLPS

35. Appendix B shows the approach to establishing the CLPS. The first step is to develop an operating model and detailed transition plan describing the order in which processes and departments move to CLPS. A specialist team will supplement existing PP2P resources to manage this stream of work. Following that the PP2P team will build the new team and work with departments so that they are ready for CLPS go-live which will be delivered in 2 waves; Payment functions and processing at the end of 2012 and full buying functions and processing in March 2013. The go-live periods will be heavily managed with weekly (and for short periods) daily readiness meetings and stabilisation meeting post go-live. This approach recognises that we must make a success of initial implementation in order for departments to have confidence in the service and to avoid suppliers not getting paid which in turn could impact on front line services and our reputation.
36. Change management activity is key to the successful implementation. The output from the ChangeTracking® survey which we have now run twice demonstrates that we have not yet got all departments fully engaged with the transformational aspect of the programme. In some cases this is understandable as it has yet to impact them. We have seen some increased engagement now that individual staff members have been identified to transfer into the service and discussions are beginning about the need to transfer financial resources in some cases to fund the new service. Departments will also need to consider how to change operating practices in their own departments because of the transfer of certain buying activities in particular.
37. In addition to the change management resources which are an integral part of the PP2P team, we have set up a network of Change Partners who are individuals from departments to champion the transformation and support colleagues to understand what it means for them. Change Partners will use their individual departmental knowledge to assist the Change Management team to make sure that the implementation plan for each department works for them. These plans, based on the broader transition plan, will answer the three basic questions – the how, what and when – that departments can expect things to change. Key elements of the plan will include knowledge transfer, training service departments to use the new processes, setting up governance and communicating the change.
38. Change Partners will also work with the PP2P team to record the impacts of the changes as a result of the transition to CLPS. Once the CLPS user instructions have been created, a further focus for the Change Management team will be to conduct briefing sessions for each department. These will be facilitated by Change Partners as part of the go-live of the CLPS. These will be based around easy-to-use process handbooks. Follow-up sessions

will be organised as required and will be supplemented by online help, available through the City Buyer site.

39. From a Change Management perspective the success of the CLPS depends on the following factors:

- Continuing and visible senior management support;
- Early departmental engagement and support for CLPS;
- Early agreement on the consultation and recruitment process;
- Common processes and understanding of exceptions;
- Effective knowledge transfer delivering day 1 service level targets;
- Departments align with new operating model; and
- Effective cut-over and stabilisation support

40. These success factors have been identified by us but they accord with a report from the LGA “Services shared: costs spared?” which stated that “for shared services to get off the ground strong leadership, commitment from senior management and good project management are essential.” The report also included an evaluation tool which the Corporation had input to. This can be accessed by the following link <http://tinyurl.com/cjrt93e> .

Key lessons learnt to date

41. **Pace of change.** We have not been able to match the pace of change originally envisaged. In part, this is because we underestimated the time that would need to be taken to consult internally and to ensure that there was sufficient time to get the necessary approvals from the relevant committees. This has meant that we have had to invest more resources and time but, despite this, one consequence is that the implementation of CLPS which was originally planned for end of September 2012 will now be a phased implementation on a slightly longer timescale with the CLPS being live from March 2013.

42. **Communication and engagement.** The importance of communications and engagement and recognising that the approach needs to change as the programme unfolds and needs to be periodically revisited to re-energise the approach. We made a good start in this area however we did take our eye off this for a while and as a consequence there was some negative feedback in this area. This had been actively addressed and there is a very detailed plan to ensure that tailored and timely messages are sent to the wide range of stakeholders. This includes the regular reports that we make to the Finance Committee to keep Members informed about the progress of the programme.

43. **Resources.** In the early stages of the programme we did not put sufficient resources into the project from a City of London perspective. We did focus, quite correctly, on engaging Accenture and agreeing the commercial and contractual terms. However, we did not sufficiently prepare the organisation for the impact that the programme would have nor did we assign sufficient project management to match the resources which Accenture mobilised. This has been addressed on both counts by our increased effort in communication with the business but also by bringing in additional project resources so that we can cope with the pace of change that is required to meet our revised plans.
44. **Contract Management .** Traditionally we have always focussed on the letting of contracts however we have not been as robust in managing them. We are not alone in this. Recognising this has led to the need for organisational and operational changes in departments, particularly the City Surveyors. The Category Boards are actively considering the contract management arrangements for each and every contract as they consider the sourcing strategy and procurement approach.
45. **People and training.** We have recognised that filling all CLPS roles in an appropriate and timely manner with quality people is vital to a successful new service. We have been very focussed on ensuring that we sell the new service and attract highly motivated people who want to develop and grow. To mark that this is a new service we will run a training programme that will be undertaken by all staff irrespective if they have transferred in doing a similar role to their current one or if they have been specifically recruited. This will set the cultural tone for the new service.

Measuring progress

46. The following table sets out how we are measuring our progress.

| Area | How we measure progress | Measures |
|---------------------------|---|---|
| Savings | Quick wins Yearly targets Overall target Ongoing annual savings | £404,398 Year 2 - £3.2m £30.1m (£15m achieved) £9.4m per annum |
| People | CLPS Organisation structure | Professional consultation Feedback from Trade unions |
| Change and Communications | ChangeTracking® survey Heat maps Change partner network Transformation Board (further detail in Appendix C) | Results from Change Tracker and surveys |

| Area | How we measure progress | Measures |
|-------------------------------|---|--|
| Processes | Look at current practice, over lay best practice tailored for local City needs. Test with local process experts, managers and chief officers | Proportion of processes signed off and the number of exceptions to standard processes |
| Operations | Business/operational readiness assessments | Service Level Agreements KPIs Survey service users and customers External awards |
| Technical work environment | Compare to other 'best of breed' service centres | CLPS stands out in the City People enjoy and want to work in CLPS |
| Programme/ Project Management | Robust governance structures. Regular reporting to management. Active management of risks and issues | Number of contract changes required. Progress against plans Number of exceptions raised. |

47. In addition to these measures which will be used during the programme, we will undertake a post implementation review to evaluate the benefits. Key Performance Indicators will be established and must be meaningful and drive the right behaviours in the CLPS as well as the business as a whole. Service level agreements need to be established and used to actively manage the service that departments receive. Customers and suppliers will be surveyed to establish their satisfaction with the service of the CLPS and enable it to continue to improve. Benchmarking with other procurement services considered as best of breed will inform the on-going development of the service.

Conclusions

48. This is a very challenging programme which has already delivered significant financial value to the City Corporation. The non financial benefits are still to be delivered. The key challenge for year 2 is establishing the CLPS which will signal the real transformational change that will affect the business and ensure that we have a sustainable legacy from the programme.

49. Our approach to the programme has not been as robust as it should have been but this has been reviewed and addressed. In addition we have learnt that our ability to deliver change as an organisation is not as quick as it could be.
50. As with every change programme, communication is key and however much effort is expended it always seems to fall short of what is really required. We have plans to address these so that at the end of the programme we will be able to demonstrate that both the financial and non financial benefits have been delivered.
51. However overall the programme is on track to deliver the benefits set by the Court of Common Council when it approved the PP2P Programme.

Appendices:

- Appendix A - The PP2P journey map
- Appendix B - The Transition Plan for establishing the CLPS
- Appendix C - Change Management Tools

Background Papers:

- Procurement & Procure to Pay report and Addendum – (Finance Committee 24/01/12)
- Procurement & Procure to Pay – Due Diligence (Finance Committee 26/07/11)
- Efficiency Review – Procurement and Procure to Pay (Finance Committee 23/11/10)
- Procurement and Procure to Pay Efficiency Review (PP2P) – Further Report (Finance Committee 14/12/10)
- PP2P Update Report (Efficiency & Performance Sub Committee 23/5/11)
- Procurement & Procure to Pay Updates (Finance Committee 28/6/11, 20/9/11, 18/10/11, 15/11/11, 13/12/11, 24/01/12, 21/02/12, 20/03/12, 01/05/12, 26/06/12, 25/07/12, 04/09/12)

Contact:

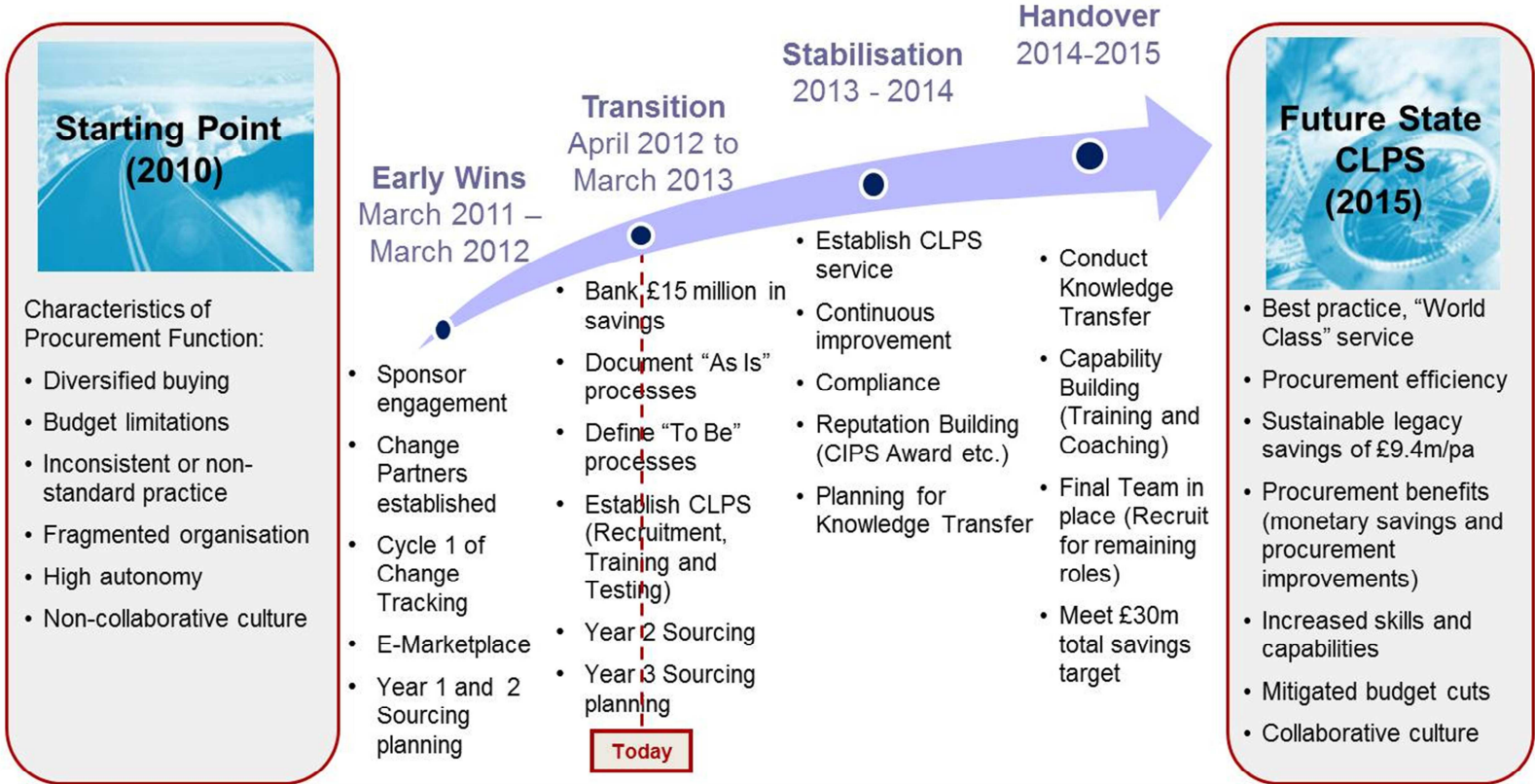
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The PP2P journey map

The PP2P Project will deliver a world class procurement service with the ability and capacity to proactively drive on-going and sustainable savings.

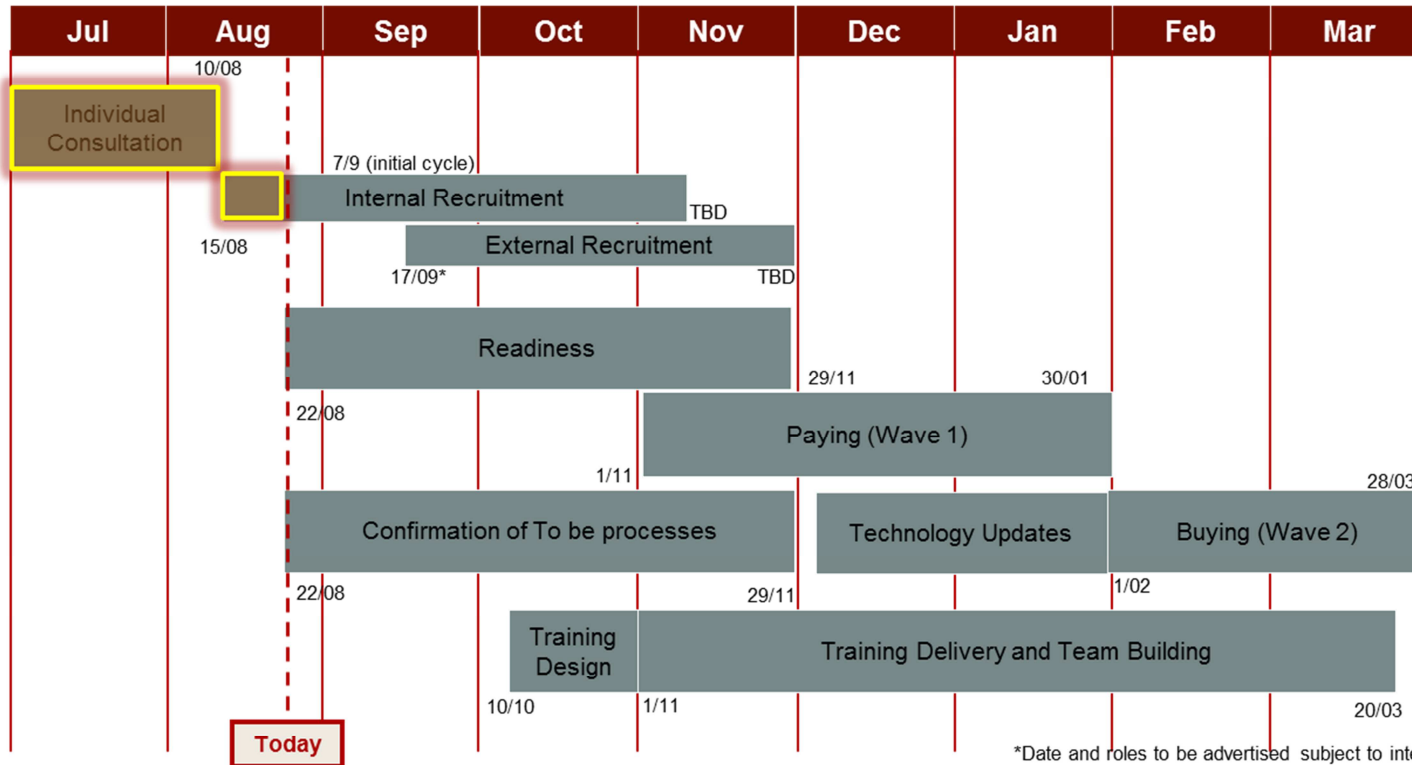
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The Transition Plan for establishing the CLPS

The diagram below provides a high-level summary of the PP2P project Transition Phase with the dashed red line indicating the point we have reached thus far in the lifecycle of this phase:



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Readiness: Key Scope Categories

- Sourcing and category management
 - Procurement, policy and compliance
 - Sourcing support
 - Contract administration
 - Data management
 - Payments
- } Interim

Wave 1: Key Scope Categories

- Accounts Payable and Reconciliations
 - Invoice processing
 - Enterprise document management
 - Vendor statement reconciliations

Wave 2: Key Scope Categories

- Sourcing and category management
 - Sourcing support
 - Procurement, policy and compliance
 - Helpdesk
 - Buying – requisitioning / requisition processing / catalogue and supplier
- } Full Service

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Change Management Tools

To support the PP2P project a number of Change Management tools and activities will be utilised. The approach taken is to combine tools that Accenture has successfully used before on other Change projects and also to create bespoke materials for the City of London.

- **PP2P Network.** Change Partners will support detailed design of CLPS, develop a localised change plan, communicate messages back to their department, develop cut-over plans, support change impact workshops, manage local readiness including re-alignment of resources
- **Chief Officer Engagement:** Face to face Chief Officer meetings and follow up with their management teams as required, on-going monthly dialogue with Chief Officers
- **Communications:** Consistent broad messages, identify the directly impacted staff, identify the user community, lead with the business case, re-enforce the timeline, count-down to go-live.
- **Impact Assessments:** Support the initial Change Impact Assessment workshop and document all impacts of the new ways of working. Develop a plan to respond to each of these and manage departmental resources to action the plan.
- **Readiness Planning:** Monitor progress to plan and provide PP2P team with a view on readiness to begin to take services for the CLPS. Business readiness reports will be produced in the countdown to CLPS go-live.
- **HR Enable People:** Agree the overall consultation, recruitment and training / preparation approach and timeline. Confirm the recruitment strategy setting out the numbers of staff and likely sources as well as the process to select from the candidate pool.
- **Operational Excellence:** Understand the local requirements and develop standard processes which fits the vast majority of process requirements. Manage an exceptions workshop and agree work-arounds and necessary exceptions.
- **ChangeTracking®.** ChangeTracking® is a tool that will measure how the PP2P change project is progressing. Assess the

success of change in each department and across a series of agreed parameters. Use this view of how change is “landing” to develop responses which ensure the successful go-live of CLPS.

- **City Buyer.** An online site that provides one location for each department to access information about the goods and services they need to provide. The site will be live in September 2011.
- **Change Academy.** The Accenture Change Management curriculum that will be used to provide PP2P Network members with the skills they need to perform their roles as Change Partners.
- **Supply Chain Academy.** The Accenture training tool that will provide City Corporation staff with the skills they require to procure in the most effective and efficient way

Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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