

Committee:	Date:
Establishment Committee	30th January 2020
Subject: Departmental Budget Estimates and high-level summary Business Plan 2020-21 – Establishment Committee	Public
Report of: Town Clerk, Comptrollers and Chamberlains	For Approval
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Summary

This report presents for approval the budget estimates and final high-level summary Business Plan for the departments within the Establishment Committee for 2020-21.

Recommendation

Members are asked to:

- i) review and approve the Town Clerks, and Comptrollers and City Solicitors Department's proposed revenue budget for 2020-21 for submission to Finance Committee,
- ii) review and approve the Town Clerks and Comptrollers and City Solicitors Department's proposed capital and supplementary revenue projects budgets for 2020-21 for submission to Finance Committee,
- iii) authorise the Chamberlain, in consultation with the Town Clerk and Comptroller and City Solicitors to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme;
- iv) agree that minor amendments for 2019-20 and 2020-21 budgets arising during budget setting be delegated to the Chamberlain,
- v) note the factors taken into consideration in compiling the Corporate & Members Services, Human Resources and Comptrollers and City Solicitors Department's Business Plan, including efficiency measures,
- vi) approve, subject to the incorporation of any changes sought by this Committee, the final high-level summary Business Plans for 2020-21.

Main Report

Background

1. As part of the new framework for corporate and business planning, departments were asked to produce standardised high-level, 2-side Business Plans for the first time in 2017 for the 2018-19 year. Members generally welcomed these high-level plans for being brief, concise, focused and consistent statements of the key ambitions and objectives for every department.

2. For 2020-21, the high-level summary Business Plan has been further evolved to make use of the information now available and give a better overview of how the department's work contributes to the Corporate Plan. It provides an overview of departmental activity and resources, mainly but not limited to the forthcoming 12 months, including capital and revenue projects. As a high-level summary, this document does not capture the granularity of departmental work but gives the overall picture of departmental activity, customer feedback, trends where applicable and direction of travel.
3. For the first time in 2020-21, high-level summary Business Plans are being brought forward alongside budget estimates, pending full integration of the processes for 2021-22, to inform medium-term financial planning and the development of spending priorities. This report therefore presents the budget estimates and draft final high-level summary Business Plan together as appendices.

Departmental budget estimates for 2020-21

4. This report presents, in Appendix 1, the revised budget estimates for 2019-20 and the original budget estimates for 2020-21 for the Establishment Committee. A breakdown per service is shown in the table below.

	Original Budget 2019-20 £000	Latest Approved Budget 2019-20 £000	Original Budget 2020-21 £000	Movement from 2019-20 Original to 2020-21 £000
Town Clerk				
Local Risk				
Expenditure	(7,541)	(7,563)	(7,196)	345
Income	593	761	660	67
Total Local Risk	(6,948)	(6,802)	(6,536)	412
Central Risk				
Expenditure	(483)	(1,726)	(552)	(69)
Income	(0)	26	26	26
Total Central Risk	(483)	(1,700)	(526)	(43)
Support Charges	(1,303)	(245)	(1,454)	(151)
Total Town Clerks	(8,734)	(8,747)	(8,516)	218
Comptroller and City Solicitor				
Local Risk				
Expenditure	(4,409)	(4,862)	(4,717)	(308)
Income	862	4,181	4,072	3,210
Total Local Risk	(3,547)	(681)	(645)	2,902
Central Risk				
Expenditure	(0)	(0)	(0)	(0)
Income	200	200	200	(0)
Total Central Risk	200	200	200	(0)
Support Charges	(575)	(618)	(604)	(29)
Total Comptroller and City Solicitor	(3,922)	(1,099)	(1,049)	2,873
Total Net Expenditure (recharged as support services across the City Corporations activities)	(12,656)	(9,846)	(9,565)	3,091

Proposed Revenue budget for 2020-21

5. The Establishment Committee's Summary Budget, which will be published as part of the City of London Corporations Budget Book, can be found in Appendix 2.
6. Overall there is a decrease of £2.810m between the Committee's original and latest budget for 2019-20, a full breakdown of which can be found in Appendix 3. The main reasons for this movement are explained by the variances set out below with any balances relating to changes in recharges for central services:
 - a. The Comptrollers and City Solicitors Department has a net decrease of £2,866k due to the implementation of the trial internal legal trading account. Within this net decrease is an increase of £84k which relates to one off provisions for contribution pay and centrally funded apprenticeship budgets.
 - b. The Town Clerks Central Risk budget has increased by £1,217k due to one off Transformation Fund bids to implement the cross cutting changes needed for service transformation (there is corresponding income from other funds within the support services as this expenditure is recharged to all funds, see paragraph 6d below).
 - c. The Town Clerks Local Risk budget have a net decrease of £146k budget resource. This is mainly due to the budget of £570k for the Contact Centre being moved to the City of London Police to manage. Offsetting this is an increase in budget of £151k relating to centrally funded apprenticeships budgets. In addition, agreed carry forwards funded from 2018-19 underspends of £77k have been added in. Finally, there have been an additional 2 new posts amounting to £105k and 50k uplift to an existing post to cover a shortfall in salary costs, all of which was agreed at RASC in March 2019.
 - d. The net support costs have decreased by £1,015k due to more income received for the Transformation Fund bids as well as an increase of in central support services costs (Building costs, capital costs, insurance, IT and general support services).
7. There are currently £455k of unidentified savings within the 2019-20 budget (Town Clerks £269k and Comptrollers Department £186k). There is currently a recruitment freeze which with existing vacancies means that this unidentified saving should be managed within staffing underspends arising from vacancies within Town Clerks budgets. It is proposed that Comptrollers will deliver the 2019-20 unidentified savings through over recovery of external income over and above the Local Risk income target of £832k.
8. The 2020-21 proposed revenue budget totals £9.765m, a decrease of £3.091m compared with the Committee's original 2019-20 budget. A full breakdown of the changes between the original 2019-20 and original 2020-21 budget can be found in Appendix 4. The main reasons for the variances are set out below with any balances relating to changes in recharges for central services:
 - a. The Comptrollers and City Solicitors Department has a net decrease of £2,902k due to the implementation of the trial internal legal trading account. Within this net decrease there is an increase of £48k which relates to centrally funded apprenticeship budgets.

- b. The Town Clerks Local Risk budget has a net decrease of £412k budget requirement. This is mainly due to the budget of £570k for the Contact Centre being moved to the City of London Police to manage. Fundamental Review savings and expansions totalling a net of £160k has been removed from the budget. There is an increase of £148k relating to centrally funded apprenticeships budgets. The additional 3 new posts approved by Finance Committee/Resource Allocation Sub-Committee amount to an increase of £155k.
 - c. The Town Clerks Central Risk budget has increased by £43k which is due to successful one off Transformation Fund bids to implement the cross cutting changes needed for service transformation (there is corresponding income from other funds within the support services as this expenditure is recharged to all funds, see paragraph 8d below).
 - d. The net support costs have increased by £180k due to less income to fund transformation fund bids being received for 2020-21 due to fewer bids being received and slight increases in costs for central support services (Building costs, capital costs, insurance, IT and general support services).
9. There are currently £1,350k of unidentified savings within the 2020-21 budget, Town Clerks holding £826k and Comptrollers with £524k. This increase is due to increasing salary costs for existing staff with spinal point progression and estimated pay award increases. Departments will be looking at how to meet these throughout the year either through increasing income; reducing expenditure; recharging staff time to projects; and changes to service delivery in accordance with the Fundamental Review.
10. The C&CS legal function operates a trading account whereby client departments are charged directly for the legal work commissioned. The service currently operates at capacity evidenced by the over achievement by 15% against annual chargeable hours targets this has been driven by an 11% increase in the volume of instructions year on year. The service has striven since 2016 to reduce controllable costs, the number of support staff reduced from 9 to 5 FTE's.

C&CS is expected to represent the Corporation on equal terms with heavyweight national and international law firms particularly in the areas of property, planning, procurement and dispute resolution. The alternative to an in-house service is to outsource legal support to external firms, this is not a cost-effective option. The Department's charge out rates compare very favourably with the lowest rates offered by the London Boroughs Legal Alliance (LBLA) panel of external solicitors. It should be noted that the LBLA panel rates are heavily discounted and much lower than commercial rates. The in-house team delivers additional value via in depth knowledge of the City's unique legal and governance status, its constitution and structure which adds significant value and has developed effective collaborative relationships with clients as reflected in the client satisfaction survey responses.

The alternative to outsourcing legal advice and support work is to cease activities in some legal functional areas however this would expose the City to the risk of legal challenge. In this context delivering local risk budget savings will be a challenge and would in any case result in increased legal costs to client departments.

In the wider corporate context of the fundamental review outside the C&CS Local Risk Budget, C&CS embarked in 2019 on a new insourcing initiative involving the – recruitment of fixed-term lawyers with specific expertise to support and advise on major projects e.g. Barking Power Station where the recruitment of a fixed term lawyer (0.6 fte) at a charge of £87 per hour compares with £500 per hour external costs previously charged on this project, over a 12 month period this will deliver an estimated £570k in savings in legal support on this project.

11. The Town Clerks Department have agreed to meet fundamental review target savings that amount to £160k in 2020-21 as agreed by RASC in October 2019.

Staffing Statement

12. A summary of the employee related costs and FTEs by department are shown in the table below.

Staffing statement	Latest Approved Budget 2019-20		Proposed Original Budget 2020-21	
	Full-time equivalent	Estimated cost £000	Full-time equivalent	Estimated cost £000
Town Clerk	138	7,319	131.4	7,663
Comptroller and City Solicitor	58.4	4,711	57.4	4,951
TOTAL	196.4	12,030	188.8	12,614

13. The decrease of FTEs in Town Clerks is due to a vacant post being surrendered for Fundamental review purposes with the additional changes in FTEs being attributable to vacancy allowances.

Draft final high-level summary Business Plan for 2020-21

14. This report presents the draft final high-level summary Business Plan for 2020-21 for the Town Clerks – Corporate and Members Services (Appendix 5), Town Clerks – Human Resources (Appendix 6) and Comptroller and City Solicitor Department (Appendix 7).
15. The Community Safety Team will have three key priorities: to help reduce and prevent crime; improve responses to Anti-Social Behaviour and delivery of the Prevent strand of the Counter Terrorism strategy.
16. Corporate Strategy and Performance Team's (CSPT) top priority is building and populating the Corporate Performance Framework so that we can assess and compare the impact of all our work on the outcomes in the Corporate Plan and better inform resource allocation decisions over time.

17. The Committee and Member Services Team promotes high standards of governance throughout the organisation by supporting the decision-making process and providing democratic and Member related services.
18. Innovation and Growth (IG) will be looking to accelerate growth through FPS innovation and use of technology, boosting UK competitiveness through an attractive business environment, maximising UK FPS firms' global access to markets, promoting the UK's world-leading FPS offer in key markets and cultivating strong relationships with key stakeholders.
19. This is because London's position as a global centre for financial and professional services is challenged as never before. Be it Brexit, technological change, the pivot East or new expectations of business, Britain will need to adapt and innovate to succeed. The City Corporation sees these challenges as opportunities to be embraced in a rapidly changing global environment. Innovation and Growth plays a pivotal role in supporting a thriving economy as we anticipate and lead change to maintain London's and the UK's status as a global leader.
20. IG will be reducing some of its activity on work such as the international promotion programme and work with non-priority markets. CSPT will be doing less in the way of developing and implementing strategies and instead focus on providing expert advice.
21. The Committee and Member Services Team no longer provides dedicated policy support to the Livery Committee. For 2020, other activities will depend on the outcome of a review of the organisation's governance arrangements.
22. The Corporate Programme Office is producing central guidance on project management, developing corporate programme reporting and working on the formation of the Project Management Academy. The Corporate Programme Office is not stopping anything but looking to digitise services where possible, i.e. programme reporting, so officers can access self-service dashboards online. It will seek to integrate Oracle with the new project management software for consistent financial reporting and with the new Azure data integration platform for BI and analytics.
23. Any changes proposed through the Fundamental Review will have implications for governance, therefore a comprehensive review of the City Corporation's governance arrangements is being undertaken in parallel. The aim of the review will be to incorporate best practice and ensure that the organisation's decision-making function is efficient, effective and fit for purpose. In addition, the proposed smarter working IT project being managed by the Chamberlain's Office will enable Members and officers to save time by allowing some meetings to be accessed remotely. There should also be scope to record committee meetings, creating even greater efficiencies.

24. CSPT has streamlined its activities to achieve efficiencies and, as well as providing Business Intelligence expertise and advice, is now providing expert advice on stakeholder research and consultation so that the impacts on stakeholders of changing our services can be monitored, predicted and used to inform resource allocation decisions.

25. A departmental restructure has allowed IG to evolve its approach from corporate social responsibility to Environment, Social and Governance (ESG), focusing on investment metrics that channel finance to businesses pursuing sustainable growth strategies.

IG's 20/21 budget has changed in two ways, members identified a 3% saving following the initial Fundamental Review outcomes. An additional 4% of funds being "ringfenced" to support the City Corporation's public affairs engagement.

As mentioned above, Members asked for Innovation and Growth budget to be uplifted last year by £1.8m to strengthen work on global competitiveness. This uplift has been reduced by £295k - £250k of fundamental review savings and the removal of £45k Priority Investment Pot (PIP) funding from base budget as the relevant project concluded

26. As outlined in the two page high level business plan, the Communications Team coordinate and oversee all print, broadcast and digital communications of the City Corporation. We implement and oversee our corporate affairs programme. We publish a wide range of material. We act as a point of contact for filming in the City.

We have reduced overall think tank engagement and private roundtables for budgetary reasons. We are looking at developing an email database for residents that could reduce costs on City Resident magazine.

By working with an established Film Location Agency we aim to standardise procedures, market our locations and increase income from filming into the Corporation. Our new website launches in Summer.

27. CSPT has delivered savings for 2020/21 through reducing its headcount. Expertise in stakeholder research and consultation will help ensure that the City Corporation complies with the Public Sector Equality Duty.

28. In terms of PSED, the recording and possible live streaming of meetings could make the decision-making process more accessible to people with protected characteristics, more transparent and, in so doing, foster better relations with the City's resident community.

29. The priorities for HR within Town Clerks are to support the organisation through the changes which result from the fundamental review. This support is both direct

to departments, in their specific changes and in pan-organisational change. We have established a change team, supplemented by an organisational development panel which supports restructures, and implemented revised policies and guidance. The HR Roadmap to change includes the development of a service desk facility to track requests, reduce response times and ultimately review the resources required. Other priorities include trialling Service Level Agreements, a pay and reward review; specifically, contribution pay, and the continued support from the Learning and Organisational development team in the 'fit for the future' programme.

30. In 2020/21 there are no plans to stop any current service but to seek more and more efficiencies in the operating model, by exploring further use of self service and automation and through greater collaboration with other services. With a view to this the current Midland system (iTrent) will be reviewed in the first part of 2020 to assess the viability and possible efficiencies of a joint Finance and HR/Payroll system (ERP) or other options. We will be forging closer day to day working practices with our institutions' HR teams. We plan to address certain key issues which have emerged from the Staff and Pulse Surveys and which can be analysed from the HR dashboard. Turnover in the first year is a concern as is the level of stress related sick absence. The pay gaps and our targets for senior women in management roles also need to be addressed and we will progress delivery of the Equality & Inclusion Action Plan in relation to employment.
31. Comptroller and City Solicitors (C&CS) service delivery priorities are largely determined by corporate priorities and by client department demand for legal advice on major corporate projects and programmes and on more routine transactional work. Additionally, there are internal service improvement projects that are a continuation of projects that commenced in 2019 namely the introduction of a hard charged trading account and the further development of the DPS case management system.
32. C&CS measures service performance in several ways. C&CS undertakes an annual client satisfaction survey the results are analysed by the Senior Management Team who investigate any client satisfaction issues that require redress and put in place an action plan. C&CS has developed a number of KPI's that measure the effectiveness of the service linked to client satisfaction, efficiency and effectiveness. Performance is benchmarked against other London local authority legal teams via the London Boroughs Legal Alliance annual benchmark.
33. C&CS senior managers identified three areas from the 2019 Pulse staff survey where C&CS scored lower than we would have hoped – Physical Environment, Keeping staff informed, Open and honest communication - these three areas were discussed using group sessions and feedback at the C&CS staff conference in November 2019 to elicit further detail. The outputs from these sessions were used to formulate a 2020 Staff Survey Action Plan. It is proposed to form a task & finish group with the aim of resolving these issues this will be staff led with an anticipated completion of all activities by 31.03.2020.

Corporate & Strategic Implications

34. There are currently no Corporate & Strategic Implications identified as a result of the business plans and budgets.

Security implications

35. There are currently no Security Implications identified as a result of the business plans and budgets.

Financial implications

36. Finance Committee and the Court of Common Council agreed that a 2% savings target based on the Original 2019/20 net local risk budgets should be made by all departments in their 2020/21 local risk budgets. This amounts to £131,000 for the Town Clerk's Department and £71,000 for the Comptroller and City Solicitor's Department. However, this is offset by a 2% inflationary increase of the original 2018/19 net local risk budget of £131,000 for the Town Clerk's Department and £71,000 for the Comptroller and City Solicitor's Department.
37. The Town Clerk's Department and Comptroller and City Solicitor's Department budgets have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. The Town Clerk's budget is within the 2019/20 resource base allocated but with unidentified savings of £269k. While the Comptroller and City Solicitor's budget is within the 2019/20 local risk resource base allocation with unidentified savings of £208k. As a result, there is a total of £477k of unidentified savings within the 2019/20 budget.
38. The Town Clerk's budget is within the 2020/21 resource base allocated but with unidentified savings of £826k. The Comptroller and City Solicitor's budget is within the 2020/21 local risk resource base allocation with unidentified savings of £553k. As a result, there is a total of £1,379k of unidentified savings within the 2019/20 budget.

Public sector equality duty

39. There are currently no Public Sector Equality Duty Implications identified as a result of the business plans and budgets.

Resourcing implications

40. There are currently no Resourcing Implications identified as a result of the business plans and budgets.

Conclusion

41. This report presents the budget estimates and final high-level summary Business Plan for 2020/21 for the Town Clerks – Committee & Member Services, Town

Clerks – Human Resources and Comptrollers & City Solicitors Department for Members to consider and approve.

Appendices

- Appendix 1 – Budget estimates 2020-21 summary
- Appendix 2 – Committee Summary Budget – by risk, Fund and Chief Officer
- Appendix 3 – Original 2019-20 budget to Latest Approved 2019-20 budget
- Appendix 4- Original 2019-20 budget to Original 2020-21 budget
- Appendix 5 – Final high-level summary Business Plan 2020-21 – Town Clerks – Corporate and Member Services
- Appendix 6 – Final high-level summary Business Plan 2020-21 – Town Clerks – Human Resources
- Appendix 7 – Final high-level summary Business Plan 2020-21 – Comptrollers and City Solicitors

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