

<b>Committee(s):</b> Finance Committee	<b>Date: 19 September 2023</b>
<b>Subject:</b> Chamberlain's Business Plan Quarter 1 2023/24 update	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	3, 5, 8 & 10
<b>Does this proposal require extra revenue and/or capital spending?</b>	N
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain	<b>For information</b>
<b>Report author:</b> Anna Flashman – Head of the Chamberlain's Office	

### Summary

1. Overall, the Chamberlain's department has made good progress on its 2023/24 Business Plan. This report outlines key progress against departmental objectives for quarter 1 (Q1). Progress has been made against a backdrop of a high number of vacancies in the Financial Services Division and the outcomes delivered has required significant commitment and effort from Chamberlain's staff as well as careful management, reprioritisation of workloads and deliverables. Interim appointments are in place and officers have been bought up to speed which will support the on-going pressures as well as the opportunity to catch up with the backlog of work.
2. Highlights for each division from Q1 2023/24 plans can be found under appendix 1.
3. In year collection rates for Council Tax and Business Rates during 2023/24 have increased when compared to previous years collection. Q1 Council Tax collection has increased from 30.90% in 2022/23 to 31.20% in 2023/24. Q1 Business Rates collection has also increased from 36.40% to 41.01%. Investment Property Income continues to improve with the overall collection up from 91.35% at the end of June 2022 to 96.02% at the end of June 2023. Arrears have reduced from £15.9m to £6.6m.
4. The City's performance for the payment of invoices within 30 days was 93% in Q1 of 2023/24, which is a 4% shortfall of the target, however, up by 1% since the last quarter. The Accounts Payable (AP) team have continued to struggle with the volume of incoming supplier invoices during Q1 due to pressure on resources. Two temporary members of staff have since been brought in to help clear the invoice processing backlog. In addition, they continue to work with a third-party provider on an invoice automation project to reduce manual invoice processing by the AP team by using data extraction and e-invoicing routes and it

is anticipated that improvements will be seen in Q3 2023/24.

5. The delay in audit sign off for City Fund accounts, from 2020/21, remains a challenge due to the national issue on the accounting for the infrastructure assets and the pension triennial review. The additional workload arising from these issues is having a knock-on impact on the Financial Services Division and our auditors, causing significant delays. Whilst the audit work for 2020/21 City Fund accounts is now complete, the audit firm's quality control review remains outstanding and is scheduled for week commencing 4 September.
6. City Fund draft statement of accounts for 2022/23 has been published, work on City's Cash accounts and Sundry Trusts continues and is expected to be completed by the end of August. Auditors are back on site to continue with the 2021/22 City Fund audit and implementing plans for 2022/23 City Fund, City's Cash and Sundry Trusts audit work.
7. The five-year medium term financial plan for the City Fund and City's Cash was updated for Resource Allocation Sub Committee Away Day in July. Assumptions to be used in budget setting for 2024/25 were agreed with Finance Committee, allowing the next stage of budget setting to progress, namely, service committee budgets to be prepared in line with their business plans.
8. Pace has been maintained on the Chamberlain's Transformation Programme; in particular, we are currently in the process of procuring a new Enterprise Resource Planning (ERP) system to replace the current HR, Payroll and Finance systems.

### **Recommendation**

Members are asked to note the report.

## **Main Report**

### **Current Position**

9. Highlights for each division from quarter 1 plans can be found under appendix 1.
10. Financial Services has moved closer to filling key positions which will improve the resilience of the service, including the appointment of the Assistant Director of Financial Services who will join the City on 31 July 2023
11. In year collection rates for Council Tax and Business Rates during 2023/24 have increased when compared to previous years collection. Q1 Council Tax collection has increased from 30.90% in 2022/23 to 31.20% in 2023/24. Q1 Business Rates collection has also increased from 36.40% to 41.01%. Investment Property Income continues to improve with the overall collection up from 91.35% at the end of June 2022 to 96.02% at the end of June 2023; arrears have reduced from £15.9m to £6.6m.
12. This quarter, the Chamberlain's Court shop increased its profits by 62% compared to quarter 1 in 2022/23.
13. The City's performance for the payment of invoices within 30 days was 93% in Q1 of 2023/24, which is a 4% shortfall of the target, however, up by 1% since the last quarter. The Accounts Payable (AP) team have continued to struggle with the volume of incoming supplier invoices during Q1 due to pressure on resources. Two temporary members of staff have since been brought in to help clear the invoice processing backlog. In addition, they continue to work with a third-party provider on an invoice automation project to reduce manual invoice processing by the AP team by using data extraction and e-invoicing routes and it is anticipated that improvements will be seen in Q3 2023/24. Additionally further training is planned for PO requestors and AP code providers across all departments to improve their purchase-to-pay housekeeping and support them in fulfilling their duties. Delivery of a data cleansing plan is underway to tackle long outstanding POs, invoices on hold and outstanding credit notes in preparation for the ERP implementation.

### **Closing Accounts Update**

14. The statutory deadlines for the City Fund draft and final accounts were moved from 1 June and 31 July (respectively) to 1 August and 30 September for 2020/21 and 2021/22 accounting years. Further to this change, an extension was made to the audit deadline for the 2021/22 accounts to November 2022 in response to the continued audit delays.
15. The draft City Fund accounts for 2020/21 were published on 30 July, in line with the statutory deadline. Despite all efforts to sign off the City Fund accounts in December 2022, this was not achieved due to a late technical query which could not be resolved in time. Whilst the above issue was being resolved, another issue, regarding the accounting for infrastructure assets, was raised at

a national level which prevented sign-off of any outstanding accounts. An agreement between audit firms and CIPFA on a practical solution was confirmed in March 2023 with changes being applied from 1, however, further scrutiny by the Finance Reporting Council (FRC) delayed the signing of 2020/21 accounts. This has had an impact on 2021/22 and now 2022/23 accounts.

16. The audit sector more widely has highlighted a capacity issue in delivering to the revised local authority accounts publication deadlines; and DLUHC wrote last year to local authorities recognising the issue. Key interventions proposed include delays to amendments to the valuation's requirements of operational property to 2025/26 and implementation of IFRS 16 covering lease recognition to 2024/25 to help reduce the burden on preparation and audit of accounts. The Chamberlain is working with colleagues at DLUHC, Financial Reporting Council, CIPFA and London Councils on the national solution to the problem.
17. These are welcomed interventions, however, due to the backlog of work created by these delays, the draft City Fund accounts for 2021/22 were significantly delayed and published on 28 February 2023 this has subsequently impacted the work on audit and is coupled with new auditors beginning their term and a loss of key resources within Financial Services Division.
18. The draft City Fund accounts 2022/23 were published on 12 July 2023 and draft Bridge House Estates 2022/23 accounts were completed at the end of June. Work on draft City's Cash accounts and Sundry Trusts continues and is expected to be completed by end of August. Auditors are back on site to continue with 2021/22 City Fund audit and implementing plans for 2022/23 City Fund, City's Cash and Sundry Trusts audit work. The Financial Services Division is working closely with both auditors to sign off 2020/21 and 2021/22 accounts during September 2023. It is anticipated that the 2022/23 audit work for all accounts will be completed in November.

### **Budget setting process 2024/25**

19. The five-year medium term financial plan for the City Fund and City's Cash was updated for the Resource Allocation Sub Committee Away Day in July and assumptions to be used in budget setting for 2024/25 agreed with Finance Committee. New challenges identified at the departmental Star Chamber meetings were completed ahead of the Resource Allocation Sub Committee's away day, which provided a better understanding on how cost pressures will be tackled during 2023/24, how outstanding permanent savings targets will be met as well as the opportunity to discuss risks and opportunities.
20. The budget envelope has been set for the financial year 2024/25, allowing the next stage of budget setting to progress, namely, service committee budgets to be prepared in line with their business plans.

### **Chamberlain's Transformation**

21. In Q1 2023/24 a prioritisation review of the Chamberlain's Transformation Programme was undertaken, identifying the top 20 workstreams and priorities for 2023/24. The review criteria for identifying the workstreams priority workstreams included those that will mitigate departmental risks, focus on staff wellbeing and development, create efficiencies, or remove pain points and/or workstreams that are fundamental to the ERP programme.

Four workstreams were completed during Q1 2023/24 as shown below:

Strategic Pillar	Priority Initiatives	Intended Outcomes	Lead Team	Priority	Status
Digital First	Intranet update	To ensure better knowledge sharing and efficiency and effective comms across the department and the CoL	CHB OFFICE	High	Complete (Ongoing)
Empower	Create a team learning and development strategy and associated learning board	Skilled and knowledgeable staff with access to learning and development opportunities	SLT	High	Complete (Ongoing)
Empower	An extensive recruitment campaign to fill vacancies	Structure at full capacity with majority of permanent staff with interims appointed to fill vacancies until these are permanently appointed to	SLT	High	Complete
Empower	Review Health and Safety processes for DSE assessors	Executive Assistants to take over this process as they already order the equipment and are CHB's DSE assessors	CHB OFFICE	High	Complete (Ongoing)

### ERP Oracle Programme Update

22. The ERP programme will deliver the replacement of the current HR, Payroll and Finance systems (Midland HR and Oracle) into a single ERP solution for the Corporation and its Institutional Departments to align with the new Target Operating Model (TOM).

23. In Quarter 1 2023 the key focus was to:
- Launch the restricted procurement for the software selection;
  - Complete the Supplier Qualification stage and evaluate and shortlist suppliers;
  - Complete preparation for the ITT phase with shortlisted suppliers.
24. The Supplier Qualification was released as a restricted procedure on 24 April 2023.
25. Three suppliers submitted a response to the Supplier Qualification deadline of 29 May 2023.
26. Following evaluation and consultation with the ERP Board all three suppliers were progressed to the Invitation to Tender stage which was scheduled to commence on 10 July 2023.
27. Alongside the above work continued on business readiness for the ERP Programme to commence including:
- Data cleansing activities for Finance on open/ legacy items;
  - HR work on updating the City hierarchy within the CityPeople solution;
  - Business change readiness with the HR Transformation Board meeting twice to discuss the changes.
28. The ERP Programme Board continues to meet monthly chaired by the Chamberlain as SRO.
29. The focus for Quarter 2 will be:
- Completing the procurement for the software selection September 2023;
  - Seeking approval for Gateway 4B;
  - Commencing procurement for a System Integrator (implementation partner).

## **Corporate & Strategic Implications**

Strategic implications – Strategic priorities and commitments are expressed in Appendix 1.

Financial implications – The 2023/24 Business Plan reflected a 12% reduction in the departmental budget agreed and implemented in previous years.

Resource implications – Any changes to resources have been identified and will be delivered through the implementation of the Target Operating Model.

Legal implications – None.

Risk implications – Key risks managed by the department are included in the Risk Update Report also received by this committee.

Equalities implications – The department has a separate Equalities and Inclusion Plan which aims to improve the department’s Equalities position for employees. Where appropriate the department will complete Equality Impact Assessment for upcoming changes.

Climate Implications – Under the Climate action strategy the departments Corporate Treasury function is responsible for delivering Scope 3 emission actions related to our financial investments.

Security implications – None.

Appendices

Appendix 1 – Chamberlain’s Business Plan update

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