Committee:	Date:
Finance Committee	23rd September 2014
Subject: Chamberlain's Department Business Plan Progress Report	**Public**
Report of: Chamberlain	**For Information**

Summary

This report provides Members with a summary update of progress made toward delivery of the objectives and outcomes as stated in the Chamberlain's Business Plan. In the main, progress is good, with the significant majority of key milestones met according to anticipated timescales.

Areas of primary departmental focus in 2014/15 are:

- Service Based Review – identifying sustainable measures to balance the City's budget

- Oracle Enterprise Resource Planning (ERP) System – leading on the delivery of a highly efficient and effective financial and property management system.

- IS Review – completion of the transition to the revised operating model, in partnership with Agilisys.

- Procurement Stabilisation – embedding procurement practices to deliver on-going annual savings.

The report also provides an update of the key risks that exist in relation to the operation of the department. The risk register shows one Red risk in relation to the delivery of the Oracle ERP project. The register also includes one Red Corporate Risk for which the Chamberlain has oversight, in respect of the City Corporation's financial position and one Amber Corporate Risk in relation to Information Security.

Recommendation

Members are asked to:

- Note the report

Main Report

Background

1. The Chamberlain's Department Business Plan for 2014-2015 was approved by Finance Committee on 27th May 2014. This report has been produced to provide Members with a summary of the key activities undertaken in quarter one of the current financial year.

Current Position

2. This report provides a summary of key departmental activities and also gives an update on the achievement of the specific milestones and performance measures stated in the business plan. It is a requirement of the Corporate Business Planning Framework that such updates be provided to committee on a quarterly basis. It was originally anticipated that Finance Committee would receive a quarter 1 update report at its July meeting although this was re-scheduled for September; while this is the first update report this year, progress is reported up to 31st August 2014.

3. The report also contains an update of the key risks that exist in relation to the delivery of departmental objectives, a requirement of the City Corporation's risk management framework.

Major Projects

4. The Chamberlain's department leads on a number of corporate projects in addition to those that are key to our departmental operations. The projects included within our business plan are, in the main, progressing according to schedule, since these are the subject of separate reports in accordance with the governance arrangements specific to each project, they are not summarised here other than the following brief highlights:

    i. Service Based Review – Work was concluded over the early summer period to identify and ratify proposals to meet the required efficiencies, subject to final approval and implementation.

    ii. Oracle Enterprise Resource Planning (ERP) System – the overall programme has been reviewed, resulting in a project re-plan with revised deliverables and timescales.

    iii. IS Review – The revised operating model, in partnership with Agilisys, has been implemented. Consolidation of City Corporation and City of London Police IS services is now underway with good progress made towards full implementation of the future operating model for Police related services.

    iv. Procurement – Handover from Accenture to the City Corporation concludes 30th September 2014 with transition to a revised operational structure, recruitment and launch of City Procurement providing the base for further improvement.

v.   The Revenues Insourcing Project has been high on the agenda during 2014 and has progressed well therefore is no longer included as a major programme of work going forward. The remaining work on this project will focus on maintaining high levels of service and performance.

Progress against Performance Measures and Key Deliverables

5.   A full schedule of progress against our performance measures and deliverables is included as Appendix 1 to this report. Progress against stated outcomes is good, with the significant majority being delivered in accordance with anticipated timescales. The two main areas where this is not the case are:

i.   Delivery of the Oracle ERP programme (summarised above in the major project update, with further detail in paragraph 8 below in relation to risk management); and

ii. City Procurement service – until the handover and reorganisation is completed later this month and key vacancies filled, the ability to deliver a "business as usual" service is constrained.

Risk Management

6.   An up to date summary departmental risk register, outlining the key threats to the achievement of departmental objectives, is shown as Appendix 2. Members should note that, since last reporting to Committee, the Chamberlain's department has transitioned to the revised Corporate risk management framework; in addition to a revised format risk register, looking at "net risk" and "target risk", there is a revised risk assessment framework incorporating a 4x4 matrix. The Chamberlain's department is the first to adopt this revised framework as part of a phased corporate roll out, the subject of a separate report to this Committee.

7.   The revised risk management framework also introduces a cycle of review whereby Audit and Risk Management Committee will consider departmental arrangements for risk management on a periodic basis; again, the Chamberlain was the first Chief Officer to adopt this, with a report received by Audit and Risk Management Committee 9th September 2014.

Summary of Key Risks:

8.   The Chamberlain's department is responsible for two Corporate Risks, both are reviewed and reported regularly to Audit and Risk Management Committee:

CR14 – Funding Reduction (Current Risk: RED)

CR14 describes the impact of future funding reduction on the financial viability of the City Corporation, specifically, known reductions to funding in 2015/16 and anticipated further reductions. The net impact of the reduction is a forecasted budget shortfall of some £11m by 2017-18 on City Fund. A deficit

of £4m is also anticipated on City's Cash in 2017/18, making a total of £15m across the two funds.

The mitigation of this risk lies in the Service Based Review, restoring the City Corporation to a balanced budget position for 2016/17 and onwards. The review has generated proposals to achieve efficiencies in the order of £23m, which have been approved by the Resource Allocation Sub-Committee and are to be considered by Policy and Resources Committee on 4th September 2014. It should be noted that the risk of future reductions to funding will remain and that this will continue to be a high risk for the organisation, further iterations of the Service Based Review will be required.

CR16 – Information Security (Current Risk: AMBER)

Loss of personal or commercial information may result in major reputational damage to the City Corporation and possible sanction from the Information Commissioner, including a financial penalty of up to £500,000.

This risk is mitigated through the provision of mandatory training to all staff, and regular organisation wide communications. While the Chamberlain is the risk owner, mitigating controls are owned by many colleagues; the Deputy Town Clerk, Director of Corporate HR, Information Officer (Town Clerk's) and Chief Information Officer. Chamberlain's department are responsible for managing the cyber security and technology aspects of this risk and has recently appointed a Technical Solutions Officer to review and refresh arrangements in this regard.

9. The Chamberlain's departmental risk Register also includes one RED operational risk:

    CHB12 – Oracle ERP (Current Risk: RED)

    This risk relates to failure to deliver required business benefits from the project to upgrade the existing Oracle financial information system and replace the Manhattan property management system, implementing an Enterprise Resource Planning (ERP) system. This risk is red due to the current project status; the project mandate is to design and build an appropriate system.

10. At the mid-point of the project the decision was taken to re-baseline the overall programme from a position of greater understanding and knowledge of Oracle functionality. An extensive series of workshops was delivered in July, engaging colleagues across the organisation, resulting in a project re-plan, revised specification and delivery timetable. This risk will remain red until critical milestones have been met in early autumn, at which point the risk is expected to reduce to amber. As the project continues and confidence in the mitigating actions builds, the risk is expected to reduce to green, either as a result of reduced likelihood, impact or a combination of both.

Conclusion

11. Members are asked to note the good progress made in the delivery of the Chamberlain's Department Business Plan and the actions in place to manage the risks currently faced by the department.

Appendices

- Appendix 1 – Chamberlain's Department Business Plan Progress Tracker
- Appendix 2 – Chamberlain's Department Risk Register Summary

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