

<b>Committee:</b>	<b>Date:</b>
Finance Committee	17 November 2015
<b>Subject:</b> Financial Services Division - Quarterly Update	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>

## **Summary**

Over the last quarter the key areas of work have been:

- Publication of the City Fund and Bridge House Estates Accounts; and the audit of the City's Cash;
- Transition of funds from a poorly performing fund manager to a new global equities fund manager;
- Implementation of departmental Service Based Review proposals and our contribution to the cross departmental workstreams; and
- Close down of the Oracle project, delivering the upgrade and improvement to our financial system.

## **Recommendation**

Members are asked to note this report.

## **Main Report**

### **Background**

1. There are six main areas of work in Financial Service Division:

- Corporate Finance, providing a range of financial and management services including: stewardship of the City's finances and assets, budget setting, forecasting and monitoring; strategic financial advice to Members, Departments and the Corporation as a whole;
- City Revenues; responsible for the collection of most income due to the City of London Corporation: Council Tax, Business Rates, Commercial Rents, Residential Service Charges and Sundry Debts;
- Payments and Support Services, covering pensions administration, payroll, supporting our financial system - Oracle and administrative support to the department;

- Corporate Treasury, covering a range of services from investment securities portfolios and treasury management of cash balances to tax advice, financial appraisals, insurance and research;
  - Service Department facing Finance Units, promoting stewardship of the City's finances and assets as well as being active business partners, providing strategic financial advice and supporting departments as an integral part of their management teams; and
  - Chamberlain's Court, which carries out the ceremonial duties of the Chamberlain.
2. Following the Court of Common Council's approval, the post of Deputy Financial Services Director has been established. The Revenues and Payments & Support Services teams will be managed under an expanded Corporate Finance function. Further work is currently being carried out on establishing a sustainable structure for this new team.

### Key performance indicators

3. The key performance indicators in the Chamberlain's business plan for the financial service division relevant for the last quarter (July-September) are:

FSD KPI's Balanced Scorecard							
				Quarterly update			
	Measure	2014/15 performance	2015/16 target	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Business Rates collection	% collected (cumulative)	99.09%	99.75%	31.62%	58.10%		
Council Tax Collection	% collected (cumulative)	99.13%	97.5%	28.19%	53.17%		
Implementation of 2015/16 FSD SBR savings				Status:			On track
Publication of City Fund Accounts within Statutory Deadline				Status:			On track
Delivery of a balanced budget and Medium Term Financial Plan for City Fund, approved by Court of Common Council by 31 March				Status:			On track
PO Compliant Invoices	Percentage	-	>88%	93%	94%		
Income from Chamberlain's Court: Freedoms	Number of freedoms /period compared to same period in previous year (cumulative)	n/a	>1	-19	-6		

## FSD KPI's Balanced Scorecard

				Quarterly update			
	Measure	2014/15 performance	2015/16 target	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Professionally qualified accountancy staff as a % of total finance staff undertaking reporting, controls and decision support processes (measured annually)	CIPFA Indicator FS1	22.8%	24%	n/a	n/a	n/a	TBA
Provide a high quality service to our customers (measured annually)	Annual customer survey	Average lowest score 7.0	Average lowest score 7.5	n/a	n/a	TBA	
Increased staff engagement (measured annually)	Percentage of positive responses to Staff Survey Q5: "I understand how my work helps the Chamberlain's Department to achieve its objectives"	88%	92%	n/a	n/a	TBA	

### Current Position

4. A few key areas to draw out from the division's work over the last quarter:
5. **Business Rates and Council Tax collection** levels are on track to achieve targets by year end.
6. On the **Service Based Review cross-departmental workstreams**, the key focus over the last quarter has been on the Operational Property Review. Key proposals have been identified and are currently being discussed with relevant Chairmen and Deputy Chairmen, to ensure that relative risks are evaluated and presented to Corporate Asset Sub (Finance) Committee and Resource Allocation Sub (Policy and Resources) Committee for consideration and agreement of opportunities. Work has also commenced to support the financial management workstream, the focus is on developing an effective operating model for the future.
7. The division's own Service Based Review savings are on track for delivery.
8. The City Fund Accounts and Bridge House Estates **Accounts** were published at the end of September 2015. Both received unqualified audit opinions. The audit has been completed on the City's Cash Accounts and the financial statements are currently progressing through Audit and Risk Management and Finance Committees for approval. An unqualified audit opinion is expected.

9. On the **financial position**, City's Cash and Bridge House Estates are in a healthy financial position across the medium term. City's Fund is forecast to breakeven across the medium term provided that departmental savings are implemented as agreed during the service based review and the Autumn Statement spending reductions are in line with forecasts. The City of London Police finances pose more of a challenge. The Force's funding from government continues to reduce. Corporate Finance has been working closely with Police colleagues to scope out a further savings programme and update the medium term financial plan. There is a deteriorating financial position until 2017/18, even after a significant savings plan has been implemented. There are several options for tackling the situation which are the subject of current discussions with members.
10. **Chamberlain's Court**: Between May (when the new fees came in) and September 2015 a total of 530 people were admitted to the freedom, a drop in just 6 applicants on the same period from 2014 (536).
11. We have recruited to the Deputy Clerk role and the successful candidate started her post in June 2015. She has adapted to court life very quickly in supporting the Clerk of the Chamberlain's Court.
12. Freedom orientated merchandise continues to sell well. The frames, City of London Corporation branded umbrellas and the children's book are the most profitable items. Information around the least profitable items, such as the silver cuff links, is now feeding into pricing and procurement decisions. We have been developing the mechanisms for merchandising profit targets and these will be reported in the next update.
13. The **Oracle project** was implemented in accordance with the revised timetable, and the programme closed in September 2015. There are, however, a small number of defects which were handed over from the programme. The CBIS team continue to support and develop these with progress being made to close the remaining defects and implement the system. Further work has been undertaken to introduce more automation in forecasting the year end position on Service Committee budgets and project spend on individual projects.
14. **New global equity fund manager**, a poorly performing fund manager was replaced. Three global equity fund managers were interviewed by a member panel. Funds have been transitioned to the successful fund manager.
15. In **Supporting and developing our people**, we continue with the programme of lunchtime learning and secondments throughout the divisions to improve learning and expand the skills base. The project to bring the City Revenues team from Walbrook Wharf to the Guildhall is gaining momentum. A number of small team moves have taken place, optimising the usage of office space and creating an area sufficiently large to accommodate the 50 or so staff that will be leaving Walbrook Wharf. The target date for completion of the move is 11 January 2016.

## **Conclusion**

16. The division is delivering all its core objectives and contributing to the transformation agenda of the Corporation, whilst also supporting the development of staff. The key challenges over the next quarter will be embedding the new structures for Corporate Finance and Oracle system implementation.

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