

Committee:	Date:
Finance Committee	15 March 2016
Subject:	Public
Financial Services Division - quarterly update	
Report of:	For Information
The Chamberlain	
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Summary

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

- Publication of the budgets and medium term financial plans for all four funds;
- Setting council tax and the business rate premium for 2016/17;
- New framework for the pension fund- pooling funds with other London boroughs; and
- Close down of the Oracle project, delivering the upgrade and improvement to our financial system.

Recommendations

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.

- Following the Court of Common Council's approval the post of Deputy Financial Services Director has been established.
- The City Revenues team has now moved from Walbrook Wharf to the Guildhall as part of the Chamberlain's together project, but also to release floor space in Walbrook Wharf as part of the Operational Property Review.

Key performance indicators

- The key performance indicators in the Chamberlain's business plan for the financial service division relevant for the last quarter (Oct-Dec) 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%	87.16%	
Council Tax Collection	% collected (cumulative)	99.13%	97.5%	28.19%	53.17%	81.73%	
Implementation of 2015/16 FSD SBR savings				Status:			On track
Publication of City Fund Accounts within Statutory Deadline City's Cash and BHE to Time Frame				Complete			
Delivery of a balanced budget and Medium Term Financial Plan for City Fund, approved by Court of Common Council by 31 March				Complete			
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	+5	
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	25.7 %	
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	7.61 %	
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	93%	

Current Position

- A few key areas to draw out from the division's work over the last quarter:

6. **Business Rates and Council Tax collection** levels are on track to achieve targets by year end.
7. On the **Service Based Review Cross Departmental Workstreams**, a key focus over the last quarter has been on implementing the operational property review. Key proposals have been agreed with Corporate Asset Sub Committee and Resource Allocation Sub Committee. The individual proposals are now being presented to service committees to declare surplus. We have also worked on developing an effective operating model for facilities management.
8. The division's own **Service Based Review** savings are on track for delivery.
9. We have carried out a **Value for Money** review using the CIPFA Public Sector Corporate Services VFM indicators for Finance, HR and Legal Services. The findings were reported to the January meeting of the Efficiency and Performance Sub Committee. Overall, the services scored well in embedding the modern practices and on impact in the organisation. Although, all three departments are relatively high cost compared to other local authorities in the comparator group, the costs are reducing. Our costs will be higher due to the nature of our corporate structure, the mix of work undertaken and the strategic prioritisation of activities that other local authorities have cut back on, such as training. Further work is being undertaken to maximise efficiencies.
10. 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. The City of London Police finances pose more of a challenge over the medium term, but are balanced for 2016/17. Within City's Cash the key financial risk relates to Guildhall School Music and Drama which is forecasting a deficit of over £3million by 2017/18. We are currently scoping a fundamental review of the operating model to discuss with the Chairman of the School.
11. **Chamberlain's Court**: Between October and December 2015 a total of 518 people were admitted to the freedom, an increase of 5 applicants on the same period from 2014 (513).
12. Freedom orientated merchandise continues to sell well. The frames are the most profitable items and cuff links, tie pins and ties continue to sell well. New products have included an umbrella and shortly toy fluffy sheep. Information around the least profitable items such as the silver cuff links, is now feeding into pricing and procurement decisions.
13. The **Oracle project** was closed in September 2015, a small number of defects were handed over from the programme and the in-house Oracle team has worked with colleagues in PWC to close the remaining defects and implement the system. Further work has been undertaken to introduce more automation in profiling and forecasting year end position on service committee budgets and project spend on individual projects. The solution for profiling and forecasting year end position has been piloted and profiling will be introduced during the first quarter of the new financial year. Automated forecasting

requires some additional piloting to iron out a few further technical issues, with a target for full implementation in September.

14. **New framework for the pension fund- pooling pension funds with other London boroughs.** Responses to the Investment Reform and Guidance Criteria document and the Consultation on revoking and replacing the LGPS (Management and Investment of Funds) Regulations 2009 were submitted to the DCLG on 19 February. The City of London is part of the London LGPS Collective Investment Vehicle and as the administering authority believes that this is the most appropriate Pool to collaborate with. A further response to the DCLG on the pooling of assets is due in July 2016.
15. Tender documents for the City's **insurances** that are due for renewal in June have been published and documents for the policies with a December renewal date are being drafted and will be published in April/May.
16. 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.

Conclusion

17. 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 the production of the financial statements including the implementation of Financial Reporting Standard 102 in relation to our non-local authority financial statements, supporting the new Strategic Resources Group chaired by the Chamberlain, developing the reporting from the Oracle system, reviewing the operating model at Guildhall School, developing arrangements for the pension fund pooling and work to support the Education agenda.

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