

Committee: Finance Committee	Date: 7 June 2016
Subject: Financial Services Division – Quarterly Update	Public
Report of: The Chamberlain	For Information
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Summary

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

- Formulation of proposals for the Efficiency Plan to be discussed with members at the Resource Allocation Sub Away Day;
- Closedown of accounts;
- Commissioning the review of the operating model for Guildhall School; and
- Oracle project, delivering the upgrade and improvement to our financial system.

On the division's key performance indicators, there is one amber indicator. The number of freedoms in the Jan-March quarter 2016 represents a decrease of 23 applicants on the same period from 2015. The slight drop in numbers is likely to be due to reduced resources between February and March while a new Court Assistant was recruited.

Recommendation

Members are asked to note the report.

Main Report

Background

1. There are six main areas of work in Financial Service Division which are set out in Appendix 1.
2. We are currently recruiting to two new senior positions- the Head of Charity and Social Investment Finance and Head of Exchequer Services. The first recruitment round was unsuccessful for both positions, but having gained approval for market forces, we have re-advertised the Head of Charity and Social Investment Finance at a higher salary banding and the response looks promising.

Key performance indicators

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

FSD KPI's Balanced Scorecard 2015-/16

				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%	100%
Council Tax Collection	% collected (cumulative)	99.13%	97.5%	28.19%	53.17%	81.73%	99.63%
Implementation of 2015/16 FSD SBR savings				Status:			Complete
Publication of City Fund Accounts within Statutory Deadline				Status:			Complete
Delivery of a balanced budget and Medium Term Financial Plan for City Fund, approved by Court of Common Council by 31 March				Status:			Complete
PO Compliant Invoices	Percentage	-	>88%	93%	94%	95%	95%
Income from Chamberlains Court : Freedoms	Number of freedoms/period compared to same period in previous years (cumulative)	n/a	>1	-19	-6	+5	-20
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%				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				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%				93%

Current Position

- A few key areas to draw out from the division's work over the last quarter, addressing firstly the amber indicator in the table above:

5. **Chamberlain's Court:** Between January and March 2016 a total of 477 people were admitted to the freedom, a decrease of 23 applicants on the same period from 2015 (500). The slight drop in numbers is likely to be due to reduced resources between February and March while a new Court Assistant was recruited.
6. Freedom orientated merchandise continues to sell well. Florrie the Freedom Sheep ("a sheep you can take across London Bridge without Police approval") arrived in March and has proved to be a popular addition to our range. Frames continue to sell extremely well and have been a success for our procurement team who located a new supplier with a lower base cost per frame thereby enhancing our profit margin.
7. **Business Rates and Council Tax Collection,** Business Rates and Council Tax Collection, the 100% achieved for business rate collection includes debts for all years and debits and credits carried forward from previous years taking write offs and collectables into account. There has been a trend for more to be paid in February and March following ratepayers being able to choose to pay by 12 monthly instalments (instead of 10).
8. On the **Service Based Review Cross Departmental Workstreams,** implementing the operational property review continues to be a main focus, including applying the new Cyclical Works Programme prioritisation mechanism and taking individual property opportunities through service committees. Our work on developing an effective operating model for facilities management has focused on supporting the pilot of the new agreed operating model at the Central Criminal Court through detailed data analysis.
9. We have been working on an **Efficiency Plan** that will be discussed initially at Resource Allocation Sub Committee Away Day on 24/25 June 2016. The four year funding settlement (2016/17 to 2019/20) is on the proviso of the publication of an efficiency plan by 14 October 2016. Proposals to be discussed include:
 - Annual savings target across all departments.
 - Cross cutting theme reviews.
 - Making a step change from making cost savings to transformation. How can members best support officers in making genuine transformation?
 - What is the best way for Members to be engaged and steer decision making?
10. Separate discussions are taking place with the Commissioner on efficiency planning within the City of London Police. The financial position for Police poses a challenge both for 2016/17 and subsequent years. There was a greater draw on reserves than anticipated for 2015/16 and by 2018/19 a deficit of £4.8m is forecast.
11. Production of the 2015/16 **financial statements** is on track.
12. Although we have received very welcome news that the **Guildhall School's** application for specialist institution funding from HEFCE has been successful,

there is still work to ensure that the operating model is as efficient and effective as possible. We have commissioned PA Consulting to carry out a fundamental review of the operating model; we expect a report on their findings in the summer.

13. Finance has been supporting the **Education Board** throughout the year, especially the four current Academy Capital Project Boards. On the Islington (former Richard Cloudesley) site, the bid to the Education Funding Agency which we supported has been successful, with confirmation of over £6m of funding.
14. On the **Oracle project**, we have commenced the review of the operation of the system to identify and implement benefits from new functionality and expect to report in August. Work also continues on automation in profiling and forecasting the year-end position on service committee budgets and project spend on individual projects. Full implementation of the profiling and forecasting functionality is expected in October.
15. Finance Committee agreed the strategies for procuring insurance for both the June and December **insurance renewals**. Tender document for the June renewal have been issued and the responses are currently being evaluated.
16. We are in the process of transitioning the **UK equity funds** held by one of our former fund managers.
17. 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. Recently, we have held sessions on Housing & the HRA, update on new procurement regulations and VAT and the new profiling and forecasting procedures. In the coming months, we have a CIPFA technical update and a Public Speaking session planned. The Director of Financial Services has also led an insight lunch on 'realising your full potential' for the Women's Inclusive Network.

Conclusion

18. 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, developing the reporting from the Oracle system, reviewing the operating model at Guildhall School and developing arrangements for the pension fund pooling.

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Appendix 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.