

<b>Committee:</b> Finance Committee	<b>Date:</b> 13 December 2016
<b>Subject:</b> Financial Services Division – Quarterly Update	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Caroline Al-Beyerty	

### **Summary**

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

- Production of the 2015/16 financial statements
- Asset Management & Facilities Management work streams.
- Developing the detailed framework to implement the Efficiency Plan
- Review of the Guildhall School’s operating model.
- Medium term financial planning.
- Improving management information to committee
- Responding to the government’s consultation on rating revaluation.

On the division’s key performance indicators, there is one amber indicator. The number of freedoms in the July – September quarter represents a decrease of 85 applicants on the same period in 2015. However, retail sales continue to grow, an improvement of £1,680 on the same period’s performance last year.

### **Recommendation**

Members are asked to note the report.

### **Main Report**

#### **Key Performance Indicators**

1. The main areas of work covered by Financial Services Division are set out in Appendix 1. The key performance indicators in the Chamberlain’s business plan for the division relevant for the last quarter (July - September) are set out on the following page.

## FSD KPI's Balanced Scorecard 2016/17

				Quarterly update			
	Measure	2015/16 performance	2016/17 target	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Business Rates collection	% collected (cumulative)	99%	99.75%	30.35% (target 25%)	59.33% (target 50%)	(target 75%)	(target 99.75%)
Commercial Rent collection	% collected	97%	98%	98.03%	98.51%		
Implementation of 2016/17 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: On track
PO Compliant Invoices	Percentage	95%	95%	95%	96%		
Income from Chamberlains Court : Freedoms	Number of freedoms/period compared to same period in previous years (cumulative)	1,937	>15/16	457 (target 485)	857 (target 969)	(target 1,454)	(target 1,938)
Professionally qualified accountancy staff as a % of total finance staff undertaking reporting, controls and decision support processes (measured annually)	CIPFA Indicator FS1	25.7%	25%				Annually
Provide a high quality service to our customers (measured annually)	Annual customer survey – Average lowest score	7.15	7.5				Annually
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"	89%	92%				Annually

- The one amber area relates to income from freedom ceremonies. The target is to exceed the number of freedoms in the same period on the previous year. Between July and September 2016, a total of 400 people were admitted to the freedom, this is a decrease of 85 on the same period in 2015 (485). Freedom figures can be quite volatile, so we are reviewing whether the decrease is part of an emerging trend and what action could be taken.

### Other key areas of work

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

4. On the **Service Based Review Cross Departmental Workstreams**, implementing the **operational property review** continues to be an on-going focus, taking individual property opportunities through service committees and analysing the progress made in addressing the cyclical maintenance bow wave. Work has also started on the Asset Management Review in developing the overall approach and commencing the 'as-is' data capture. Our work on developing an effective operating model for **facilities management (FM)** is now focused on multiple streams of work, supporting the implementation of actions agreed from the FM review of the Central Criminal Court, developing recommended actions from the detailed data analysis on the Guildhall FM review and undertaking the detailed analysis work for the Barbican Centre FM Review.
5. On the **income generation** workstream, we have been reviewing progress made by Departments in taking forward individual initiatives and continuing with the on-going review of our fees and charges.
6. Following the agreement and publishing of the **Efficiency and Sustainability Plan** in October, we are now developing the detailed framework to implement the plan.
7. The review of the **Guildhall School's operating model** by PA Consulting has been completed and is now being reported to Members in November and December. The detailed action plan will be developed in conjunction with the new Principal when she takes up post from the 1<sup>st</sup> February.
8. **Medium Term Financial Planning:** we had started the budget estimates process for 2017/18 and medium term financial planning. A key focus is on the police position which remains challenging with deficits forecast across the period and reserves exhausted during 2017/18. Options to address the financial gap will be presented to members in December.
9. **Oracle:** The first stage of a pilot project for forecasting project spend has been completed on individual projects. Following initial feedback improvements have been made to the functionality and reports and further piloting is taking place in December.
10. **Management Information:** A project has been initiated to deliver improved reporting of management and performance information, specifically, looking for more effective ways to present complex data to a range of audiences including management teams and Committees. This project will ensure a consistent approach to those areas in scope, focusing on financial and property management information.
11. The December **insurance renewals** are being progressed with the Court of Common Council due to agree the award of the property insurance on 8 December.
12. **Business Rates Revaluation:** The Valuation Office Agency, part of HMRC, has undertaken a full rating revaluation effective from 1st April 2017. The last

revaluation was in 2010. Revaluations should take place every 5 years but the 2015 revaluation was postponed to 2017. There are significant increases in London and the average increase in rateable value (RV) in the City is 30% with the rateable value overall increasing from £1,969m to £2,563m. The draft Rating List has been loaded into the live rates system and fully reconciled.

13. There will be a transitional scheme to protect ratepayers facing large increases. There was a consultation on the transitional scheme to which the City responded; like others in central London, we were concerned about the exceptionally high transition thresholds. Following the consultation, the Government has recently announced that the highest threshold of 45% for large properties will actually be 42% and for 2018/19 and 2019/20 has reduced the proposed threshold for these properties from 50% to 32%.
14. We have started modelling what the impact of the revaluation will be. Although there are considerable increases in rateable value, the City will not see the equivalent increase in rates retained (other than the City premium) as tariffs and top ups will be adjusted by central Government as appropriate.

## **Conclusion**

15. The division is delivering all its core objectives. The key challenges over the next quarter will be the production of the Medium Term Financial Plan, setting the 2017/18 budget and improving management information.

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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.