

Committee: Finance Committee	Date: 2 May 2017
Subject: Financial Services, City Procurement and IT Quarterly Update	Public
Report of: The Chamberlain	For Information
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Summary

Over the last quarter, Chamberlain's department has been delivering well on the work programme.

Key highlights include:

- Faster closedown for the production of the 2016/17 accounts with a 'dry run' against a challenging new timetable.
- The launch of a new commercial contract management service with a newly established team of seven to enhance the corporation's capabilities in managing service providers.
- New desktop build on Windows 10 and office 365 piloted and being tested ready for roll out during the course of 2017.

Recommendation

Members are asked to note the report.

Main Report

1. There are four teams within Chamberlain's department:
 - **Financial Services Division**, which covers corporate finance and treasury as well as the wider functions of:
 - Service Department facing Finance Units, promoting stewardship of the City's finances and assets as well providing strategic financial advice to departmental management teams; and
 - Chamberlain's Court, which carries out the ceremonial duties of the Chamberlain;
 - **City Procurement** covering four main functions- Category Management/Sourcing, Accounts Payable, Policy/Compliance and the new Commercial Contract Management service that went live April 2017;
 - **IT** – providing services and support to the Corporation, City of London Police and London Councils. The team covers three main functions- Projects and Programmes, Change and Business Engagement and Applications Support. IT infrastructure, service desk and desktop support are provided through a strategic partnership with Agilisys an IT services company; and
 - **Internal Audit.**

2. This report provides a short update on the work Financial Services Division, City Procurement and IT over the last quarter- typically each team provides a more in depth quarterly report, but given the gap in Committee meeting during the recent elections, it was felt that a composite summary report may be more useful. Internal Audit reports progress against planned activities separately to Audit and Risk Management Committee; and so is not included in this report. A high level update on the work of the Internal Audit is included in the Chamberlain's Business Plan update on your Committee's agenda.

Financial Services Division

3. The key performance indicators for the team in 2016/17 are set out below:

Description of KPI	target	Actual for 2016/17
Commercial Rent collection rates	98%	98.61%
Business Rates Collection	99.75%	99.75% est
Implementation of 2016/17 FSD service based review savings		Delivered
Publication of Statutory City Fund Accounts	30 September 2016	23 September 2016
Delivery of Balanced Budget and Medium Term Financial Plan	31 March 2017	9 March 2017
Chamberlain's Court -number of freedoms	1,938	1,688
Provide a high quality service to our customers- annual customer survey	Very Good	Good
Increased staff engagement- % of positive responses to staff survey "I understand how my work helps the Chamberlain's department achieve its objectives"	92%	91%
Professionally qualified accountancy staff as a % of total finance staff	25%	26.5%

4. Generally performance has been strong, the two areas which slipped behind target are:
- number of freedom ceremonies- a drop of 249 people on 2015/16 figures. However, figures for the last quarter are closer to the comparator, 436 freedoms against a target of 477. We will continue to monitor demand and analyse trends across financial years. We are also taking steps to promote the diversity profile, which should also impact positively on numbers.
 - customer survey- we set a stretch target of achieving Very Good, but only achieved a strong Good, a similar level of satisfaction as last year. We are currently carrying out customer focus groups to identify steps needed to improve our service.
5. A few key areas to draw out from the division's work over the last quarter:

6. **Faster production of accounts:** For 2017/18 the unaudited draft City Fund accounts must be published by the 31 May 2018, a month earlier than currently required and the audited accounts must be published by the 31 July 2018, two months earlier than currently required. This will require significant changes in the way the 2017/18 accounts are prepared. We are therefore doing a 'dry-run' on the revised closedown programme this year for the production of the 2016/17 City Fund accounts. We are also bringing forward the production timetable for Bridge House Estates and City's Cash; these financial statements will now be published by 31 October 2017.
7. On the **Service Based Review Cross Departmental Workstreams**, the Department continues to support the facilities (FM) and asset management review with the Deputy Chamberlain chairing the project board. Baseline data for the Barbican has now been gathered and summary findings will be reviewed at the next project board. The FM service review at Guildhall is now largely complete with implementation planning underway. The maintenance review of Billingsgate, Smithfield and Spitalfields markets is underway and will extend to include Police, Schools and Tower Bridge. On the Asset Management Review, initial workshops have been held with the four Departments with the largest operational asset portfolios (Barbican/Guildhall School, Markets and Consumer Protection, Community and Children Services, Open Spaces) to secure 'buy' in to the objectives of the review.
8. On the **Efficiency and Sustainability Plan** in October, we have developed a methodology for Chief Officer Peer Review, with the pilot commencing in May. The pilot is likely to lead to refinements in the methodology and its application and we will update the Efficiency and Performance Sub Committee on progress in July.
9. **Management Information:** The aim is to provide better information for decision making. Service Committees will be receiving financial information as part of the regular business plan updates. New reporting formats have also been produced for the more commercial activities e.g. for the three independent schools, property management information for our investment property portfolio, operation property and markets. Work continues on automating the production of the information and ensuring consistency where practical, but also recognising the different operational information requirements.
10. **Business Rates:** we have responded to the consultation on proposals made by the Department of Communities and Local Government on their proposed Locally Administered Business Rates Relief scheme. This is a separate item on your Committee's agenda. We have also been involved in initial discussions on fiscal devolution and the potential London business rates pool pilot.

City Procurement

11. The summary performance position against KPIs is:
 - Savings of £7.97m achieved against target of £7.89m
 - PO Compliance averaging at 96% in 2016/17 against a target of 95%

- 97% of all supplier payments happening within 30 days, meeting the target of 97%
- 85% of SME supplier payments happening within 10 days, slightly below the 88% aspirational target set.

- 12. Savings for 2016/17-** of the £7.97m total savings and efficiencies, £6.81m were budget impact savings (cashable) resulting in budget adjustments for any newly realised savings achieved.
- 13. Accounts Payable Performance-** The Corporation's No PO No Pay Policy is now fully embedded and we achieve high levels of compliance consistently, The Corporation's 30 days invoice paid on time performance for the year was 97%. We only fell below this target twice during this year, showing a consistent level of operational excellence over the last 12 month period. Our 10 day SME invoice payment performance averaged 85% this year (target 88%). This aspirational target will be set at 88% again in the new-year and with the introduction of the Fast Payment Discount Scheme to further enhance our opportunity to deliver high performance.
14. Finally the number of electronic invoices received this year was 93% and sees a 10% increase since April 2016 which is a particularly positive outcome as it assists greatly our ability to process invoices efficiently.
- 15. Responsible Procurement** – The work of the Social Value Panel and the ongoing proactive interventions in all elements of responsible procurement in each tender exercise has seen measures and deliverables built into all contracts that are commensurate to the value of the contract on a case by case basis. The new financial year will start to see outcomes from the interventions allowing greater measurement of the work in this area. Being a finalist at the European Procura+ Awards for our corporate Cleaning Services contract gives confidence we are on track.
- 16. New Service Launch – Commercial Contract Management.** The new function sees a newly established team of seven manage the roll-out of a corporate contract management framework to enhance the corporation's capabilities in managing service providers. The team has developed the Corporate Supplier Performance Scorecard that will come to Efficiency and Performance Sub-Committee for approval in May, which if approved will in turn see the entire service rolled out based on the scorecard elements. The team are also developing a pipeline of commercial opportunities for progression in the new financial year with an aim to generate further efficiencies and savings from our existing contracted supplier base.

IT

17. **KPI's and Performance** have improved through the course of this year in particular as a result of stronger partnership working with Agilisys and improved IT change controls. This is evidenced from the more consistent stability with our service at a time of increasing numbers of change requests.

Description of KPI	CoL	CoLP
<u>Service Desk:</u> Customer Satisfaction Abandon Rates	5.97 out of 7 3.96%	6.56 out of 7 3.6%
Priority 1 – major incident with resolution within 2 hours	90%	54%
Priority 2 – critical incident with resolution within 6 hours	90%	85%

18. Key work activities over the last quarter include:

- IT Strategies and design principles agreed for both the Corporation and the City of London Police.
- Contract award made to BT for our Wide Area Network.
- Procurement completed for new Local Area Network (LAN) Equipment.
- LAN Support and Services procurement underway.
- Removed 915 IT applications that were no longer required or where functionality could be consolidated into another existing application. Now support 295 applications.
- New desktop build on Windows 10 and office 365 piloted and being tested ready for roll out during the course of 2017.
- IT Project management process redesigned and re-launched to provide more effective prioritisation and improved IT project delivery.

Risk Management and Control

19. During the last quarter, a deep dive review was carried out of all IT Division risks including consolidating issues into risks and improving consistency and methodology used for recording and assessment. Working in conjunction with the Corporate Risk team, the recorded IT risks were consolidated from 140 to less than 25 that require on-going management. These risks are also now detailed and managed within Covalent the corporate risk management software tool.

Conclusion

20. Over the last quarter, Chamberlain’s department has been delivering well on the work programme.

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