

Committee:	Date:
Policy and Resources Committee	18 January 2018
Subject:	Public
Service Based Review Monitoring	
Report of:	For Decision
The Chamberlain	
Report author:	
Geoff Parnell, Chamberlain's Department	

Summary

This report presents the Committee with the latest update in respect of the monitoring of Service Based Review (SBR) savings. Currently five departments have outstanding issues in respect of SBR savings:

- City Surveyor: The target for 2018/19 remains challenging and is dependent on implementation of the cross-cutting Facilities Management review.
- Community and Children's Services: Proposals for additional income from Barbican Estate car parking and baggage stores are being reconsidered following discussions at the Barbican Residential Committee. Savings will be realised from other budgets in 2017/18 while a review of charging/income options takes place.
- Open Spaces: Proposals for Epping Forest are on hold pending progress on the Open Spaces Bill. One-off savings have been substituted for 2017/18.
- Barbican Centre: Proposals for savings in the Buildings and Operations area are under review and a further report is being presented to the Barbican Board on 22 November. Proposals for additional income in 2018/19 remain on track for delivery.
- City of London School for Girls: Additional income in 2017/18 is on track to be delivered.

In order to ensure the planned FM savings are made, Members are requested to agree that a portion of the SBR savings be used to meet the cost of the currently unfunded Assistant Property Facility Managers (APFM) and a proposal to reduce the City Surveyors SBR target. There is a continued need for these APFM posts, which are crucial to ensuring improved effectiveness of FM processes and service delivery.

It is proposed that this is the final update report on SBR savings, and that from the next meeting, reporting on the outstanding areas noted above is included in the regular Efficiency and Sustainability Plan update.

Recommendations

Members are asked to:

- Note the report, and
- Agree for future meetings to receive updates in respect of the outstanding SBR savings within reports on the Efficiency and Sustainability Plan.
- Agree to increase the City Surveyor's local risk budget by £300k per annum for 2017/18 and subsequent financial years, to meet the cost of the unfunded

Assistant Property Facility Managers posts. This cost to be met from the savings arising from the City Surveyor's SBR.

Main Report

Background

1. Under its terms of reference, the Efficiency and Performance Sub-Committee has responsibility for overseeing and monitoring the agreed programme of work arising from the Service Based Review (SBR). This report updates Members of the Policy and Resources Committee on the progress made by Chief Officers in meeting their approved departmental budget reductions, including any variations from the approved programme.
2. The position reported in May 2017 to Efficiency and Performance Sub-Committee was that:
 - Seven departments had fully delivered their savings
 - Eight departments still had savings remaining to be delivered
 - Two departments (Chamberlain and City Surveyor) were assessed as amber
 - The savings target for the GSMD has been removed by the Policy and Resources Committee following the announcement of additional grants for the School from the Higher Education Funding Council for England, with a revised SBR target or contingent assurance on efficiency maximisation to be agreed after further discussion on the GSMD Operating Model Review.
3. In respect of their departmental budget reductions, departments have been rated according to the following definitions:
 - Red: Proposal cannot be achieved without significant delay, detrimental impact, or reduced savings or income beyond agreed tolerances.
 - Amber: Plans for efficiencies and/or income generation determined, although risk of delay, detrimental service impact or slippage into agreed tolerances.
 - Green: Clear plans in place to deliver efficiencies, on track and confident of delivery.
 - Delivered: Budget adjusted, changes have been made and savings have been realised without any local risk budget pressure

The sections below update the position in respect of the eight departments with savings remaining to be delivered as of May 2017.

Current Position

Chamberlain

Overall status: Delivered

4. The final tranche of savings has been incorporated within 2017/18 budgets. Outstanding IT savings comprised £150k from print services and £170k for vacation of Guildhall Justice Rooms. The latter has been substituted with larger than expected print savings, although the Guildhall Justice Rooms proposal will still be implemented in future years. The City Procurement savings have been delivered through staffing savings.

Director of Markets and Consumer Protection

Overall status: Delivered

5. Additional income from the Smithfield Poultry Market stalls and offices will not be fully realised in 2017/18 due to uncertainty over the future of the Poultry Market meaning that new leases for the vacant premises cannot be progressed. The increased income anticipated for 2018/19 from Billingsgate Market advertising, while not completely ruled out, will be at least subject to significant delay. This is due to the tenant organisation undergoing a management re-structure and refusing to commit to the new contract at this time.
6. Full implementation of the project to introduce mobile technology for Public Protection field officers (£12k saving) has been delayed by technical problems within the IT division and the time required to develop a new solution.
7. The shortfalls for additional income from the Smithfield Poultry Market, Smithfield Market offices, Billingsgate Market advertising, and the savings from mobile working (totalling £294k) will be substituted for some of the increased rental income (£700k) from the recently renewed leases at New Spitalfields Market. This completes the delivery of the M&CP SBR measures.

Private Secretary to the Lord Mayor

Overall status: Delivered

8. The 2017/18 budget has been adjusted for the final savings - £10k reduction in the budget for the Lord Mayor's travel/visits hospitality.

Head, City of London School for Girls

Overall status: Green

9. The final SBR savings item - additional income from lettings (£38k) - has been included within the 2017/18 budget and is on track to be delivered.

Managing Director, Barbican Centre

Overall status: Green

10. Two elements of the Centre's SBR savings are assessed as amber: Front of House/Security and Staffing (totalling £450k in 2017/18 and £350k in 2018/19). The original proposal for staffing savings involved reviewing contracts and unsocial hours and has taken longer than expected. Work continues in the Buildings and Operations area. A report detailing this change programme is being presented to the Barbican Centre Board on 22 November.
11. All other proposals (increased income from business events, retail, catering, and development) remain on track for delivery in 2018/19.

City Surveyor

Overall status: Amber

12. The delivery of savings is dependent on the implementation of the recommendations arising from the cross-cutting reviews of Asset Management and Facilities Management. Further commentary on these savings is provided in the separate Facilities Management Review Update report that was reported to Efficiency and Performance Sub-Committee in November 2017.

Assistant Property Facilities Managers (APFMs)

13. The APFM role is in place to carry out a fundamental function to ensure the effective and efficient delivery of the corporate FM contracts to the operational portfolio.
14. The role was created in 2012 during the first tranche of service based review to facilitate the building repairs and maintenance contract (BRM) whereby each service department were required to either provide a resource or budget to fund the APFM. This proved challenging and as a result the APFM roles have been funded by annual carry over budgets each year. The City Surveyor funded the PFM roles (that the APFM's report to) from his local risk budget.
15. The FM Review has identified that these roles are vital for the delivery of the central FM model that has evolved to provide additional corporate services to the BRM for example; cleaning, security, pest control, lift/escalators and smaller contracts. This was reported to Members of Efficiency and Performance Sub-Committee in November 2017
16. These posts now need to be made permanent and funding consequently needs to be identified. The City Surveyor cannot afford to fund the posts from his local risk budget and unless alternative funding can be identified continuance of the roles and the FM model is in doubt.
17. Putting these posts on a permanent basis will help embed the new FM delivery model and allow further efficiencies to be achieved via this model.
18. Members of Efficiency and Performance Sub-Committee welcomed the City Surveyor's efforts in driving efficiency and were supportive of the work being done through the FM Review to professionalise the FM service.
19. It is recommended for Members agree to increase the City Surveyor's local risk budget by £300k per annum for 2017/18 and subsequent financial years, to meet the cost of the unfunded Assistant Property Facility Managers posts. This cost to be met from the savings arising from the City Surveyor's SBR.

Director of Community and Children's Services

Overall status: Amber

20. The remaining savings relate to proposals for Barbican Estate baggage store and car parking income (totalling £154k in 2017/18). Following discussion at the Barbican Residential Committee the proposals for increasing charges were amended and these savings will not be realised in 2017/18. The savings have been met by amendments to other budgets. A working party has been set up to look at charging/income options with a view to implementing the proposals in 2018/19.

Director of Open Spaces

Overall status: Amber

21. The savings proposals for Epping Forest (totalling £165k) have been put on hold due to the delays in the Open Spaces Bill. The department has put in place arrangements to meet the shortfall for 2017/18 from planned underspends elsewhere within the City's Cash parts of the department (Hampstead Heath and

the Directorate). Although an unplanned underachievement of income within the City's Cash Learning Programme is expected to produce an overspend on City's Cash-funded services for 2017/18, a projected overachievement of income for Bridge House Estate and City Fund-funded services means that the Department overall is projecting an underspend.

22. With the additional demands of the 2% efficiencies together with inflationary pressures in the next financial year, alternative proposals for the delivery of the savings in 2018/19 prior to the passage of the Open Spaces Bill have not yet been identified. The Department is considering requesting that the £160K be put into abeyance until the passage of the Open Spaces Bill and the required consultation to support these proposals can be achieved.
23. The remaining savings noted at the May meeting for the other Open Spaces (totalling £411k) have all been incorporated within 2017/18 budgets.

Corporate & Strategic Implications

24. Implementation of the agreed Service Based Review proposals is a key mitigation action in respect of Corporate Risk 14: Financial Stability.

Conclusion

25. Since the report in May to Efficiency and Performance Sub-Committee, three more departments have fully delivered their savings and five departments remain with outstanding issues in respect of their savings for 2017/18. In cases where departments have not been able to realise specific proposals for 2017/18, alternative savings have been found, although in a number of cases these are one-off savings. There remain a small number of proposals in Community and Children's Services and Open Spaces where further work is required to deliver the original proposal or develop sustainable alternatives.
26. Only two departments have additional savings to deliver in 2018/19:
- The City Surveyor - corporate savings from the Strategic Asset Management reviews (£980k), and
 - The Barbican Centre - additional income from business events, retail, catering, and development (£410k) and savings from staffing reviews (£350k).
27. In order to embed the new FM model, it is necessary to make the APFM posts permanent and identify funding. Members are asked to agree the cost be met from SBR savings that have been achieved and reduce the City Surveyors SBR target by £300k.

Appendix

- Appendix 1 - Service Based Review: Departmental Budget Reductions

Geoff Parnell

Head of Project, Strategic Resources, Chamberlain's Department

T: 020 7332 1675

E: Geoff.Parnell@cityoflondon.gov.uk