



Efficiency and Performance Sub (Finance) Committee – Supplementary Agenda

Date: FRIDAY, 26 FEBRUARY 2021
Time: 1.45 pm
Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

AGENDA

- 5. SECURING 'FLIGHTPATH' SAVINGS AND UNDERSTANDING SERVICE IMPACTS - THE ROLE FOR EFFICIENCY & PERFORMANCE SUB-COMMITTEE**
Joint Report of the Town Clerk & Chief Executive and the Chamberlain.

For Information
(Pages 85 - 110)

Item received too late for circulation in conjunction with the Main Agenda.

John Barradell
Town Clerk and Chief Executive

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Agenda Item 5

Committee: Efficiency & Performance Sub Committee Resource Allocation Sub Committee	Date: 26 February 2021 2 / 17 March 2021
Subject: Securing 'flightpath' savings and understanding service impacts	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Town Clerk & Chief Executive and The Chamberlain	For Information
Report author: Caroline Al-Beyerty, Deputy Chamberlain Sonia Virdee, Assistant Director - Strategic Finance, Chamberlain's Kate Smith, Head of Corporate Strategy & Performance, Town Clerk's Hayley Hajduczek, Corporate Strategy & Performance Officer, Town Clerk's	

Summary

This report outlines how officers are seeking to co-ordinate information on departmental plans for making the 12% reductions within the 2021/22 budget proposals to the Court of Common Council on 4 March 2021.

Officers will be building the picture of 2021/22 service impacts with Chief Officers and Heads of Finance as Service Committees and institutions/departments develop their thinking. This will be a work in progress over the next three months with the aim of reporting to the Resource Allocation Sub Committee Away Day in early summer.

The analysis will identify any proposed savings being put forward by Service Committees which would conflict with corporate priorities, could be disproportionately damaging, or could undermine the delivery of front-line services (for example, services to vulnerable people).

A role is proposed for Efficiency & Performance Sub Committee in scrutinising:

- Delivery of Fundamental Review savings approved by Policy & Resources Committee; and where proposals have been moved out of year due to delays caused by COVID impacts.
- The Target Operating Model (TOM) implementation savings tacker

- Delivery of the 12% savings target, including scrutiny of any overspending committees or departments/institutions.

This paper also provides a summary of efficiency measures delivered and proposed within the departmental Business Plans that have recently been approved at various committees.

Recommendation

Members are asked to note the report.

Main Report

Background

1. As the budget reports have progressed through Resource Allocation Sub Committee, Policy & Resources Committee and Finance Committee, Members have been keen to understand a number of points.
2. Resource Allocation Sub Committee (RASC) is keen to understand:
 - The service changes that have happened in 2020/21 as a result of the Fundamental Review and what has been agreed for future years, potentially through a 'parity' lens of the proportional budget cut from the Fundamental Review; and
 - Service changes that will happen as part of 2021/22 budget to stay within the 12% envelope allocated by RASC (pending approval of the budget proposals by the Court of Common Council on 4 March), including likely service impacts of a COVID-secure return to work in the Square Mile and London more widely.
3. The Chamberlain's department is currently compiling an overview of the Fundamental Review schemes which will be ready for the RASC and Finance Committee meetings in March. Additionally, officers will be building the picture of 2021/22 service impacts with Chief Officers and Heads of Finance as Service Committees and departments/institutions develop their thinking. This will be a work in progress over the next three months. The analysis will identify any proposed savings being put forward by Service Committees which would conflict with corporate priorities, could be disproportionately damaging, or could undermine the delivery of front-line services (for example, services to vulnerable people).
4. Finance Committee is keen to mitigate the risk to the sustainability of the Medium Term Financial Plan, ensuring that the 'flightpath' savings remain on track, in particular:
 - Fundamental Review savings
 - 2% savings; part of which are savings from the TOM; and
 - COVID impacts on main income streams and service delivery, in particular from lower rental income and volatility on retained business rates.
5. In light of the above requirements, a role is proposed for Efficiency & Performance Sub Committee in scrutinising:

- Delivery of Fundamental Review savings approved by Policy & Resources Committee; and where proposals have been moved out of year due to delays caused by COVID impacts.
 - The TOM implementation savings tacker
 - Delivery of the 12% savings target, including scrutiny of any overspending committees or departments/institutions.
6. Departments will be asked to provide individual trackers, along-side the corporate tracker covering the above areas. The draft template is shown in **Appendix 1**. **Appendix 2** shows how this information could be analysed using PowerBi (the tool used in the Corporate Performance Framework).
 7. Fundamental Review savings to date by department are shown in **Appendix 3**, alongside profile of the schemes yet to be implemented and the proportion of budget cut this represents. Officers are currently compiling an overview of the schemes which will be ready for the RASC and Finance Committee meetings in March.
 8. A process has been created to capture the post savings under the target operating model as departments progress through implementation waves.
 9. Departmental and service committee budgets have been reduced by 12% (although mitigations are made in a number of service areas e.g. social care where the saving is 6%), subject to Court approval. Budget monitoring reports to Finance Committee will therefore identify departments at risk of non-delivery. For departments at risk, it is proposed that Efficiency & Performance Sub Committee scrutinise departmental plans for achieving the 12% and explore, on a timely basis, potential mitigations and any cross organisational assistance needed for delivery.
 10. Additionally, the Corporate Strategy & Performance team has reviewed the 2021/22 Business Plans and summarised efficiency measures that departments have put forward. It should be noted however that as the Corporate Strategy & Performance Team is not mandated to clear what is included in Business Plans, there are inconsistencies in the level of detail included. A full list of these efficiencies has been included at **Appendix 4**. We have not asked for approximate values of the savings achieved/targeted against each activity, but we could do this next time.
 11. The Chamberlain's department has analysed the savings put forward by departments and provided a breakdown at **Appendix 5**.

Current Position

12. *What savings have departments have achieved?* From data gathered to date, we are still at the very start of the flight path of savings. Fundamental Review achieved amount to £1.5m in the current financial year and expected to climb to £3.1m in 2021/22. On securing the 12%, there are a number of departments heavily reliant on roll out of the TOM that, due to Chief Officer recruitment, will not be able to

secure a full 12 months of saving. In such circumstances, tactical one-off savings are likely to be needed to balance the 2021/22 budget in year.

13. *What types of efficiencies are they planning?* Departments have been reviewing and are continuing to review their internal processes to gain efficiencies. From the analysis of business plans, many are looking to improve and streamline current processes while some are planning to work in new ways. There are also some plans to generate income, to counteract losses made during the pandemic and to close the budget gap.
14. *Where are there opportunities for collaboration?* The Business Plans have highlighted opportunities to collaborate across departments. Where these are not already being picked up by the TOM, the Corporate Strategy & Performance team will work with business planners to shape plans.

Timeline

15. It is proposed that all departments and institutions are asked to complete the trackers during March and April. Findings will then be compiled ready for scrutiny at the Resource Allocation Sub Committee Away Day in June 2021.

Corporate & Strategic Implications

16. Strategic implications – This report provides oversight about how officers are seeking to co-ordinate information on how departments plan on making the proposed 12% savings within their given service areas; and implement Target Operating Model and the Fundamental Review proposals.
17. Financial implications – Details savings that have been achieved and are still to be found in appendix 1.
18. Resource implications – All savings will be achieved within departmental budget envelop unless otherwise stated.
19. Legal implications – None have been identified at this stage.
20. Risk implications – Each department is responsible for managing its own risk.
21. Equalities implications – From the bilateral approach to the 21/22 budget setting with senior members, Service Committee Chairmen and Chief Officers, there is no indication of any material service changes that would breach equalities duties- however this must be kept under review as plans progress.
22. Climate implications - The climate action strategy is financed, in principle, from re-prioritisation of resources within the Medium Term Financial Plan, most notably through the flightpath of savings and ring-fenced resources.
23. Security implications - None have been identified at this stage.

Conclusion

This paper sets out, for Member comment, how officers are seeking to co-ordinate information, at departmental and corporate levels, regarding performance against the Fundamental Review programme, the 12% savings target and the Target Operating Model programme.

Appendices

- Appendix 1 – Draft Tracker Template
- Appendix 2 – Mock-up of analysis tool
- Appendix 3 – Profile of fundamental review savings by department
- Appendix 4 – Efficiency measures as described in Business Plans
- Appendix 5 – Breakdown of 12% savings by department and profile of FR savings

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Department A - [12/6]% savings applied

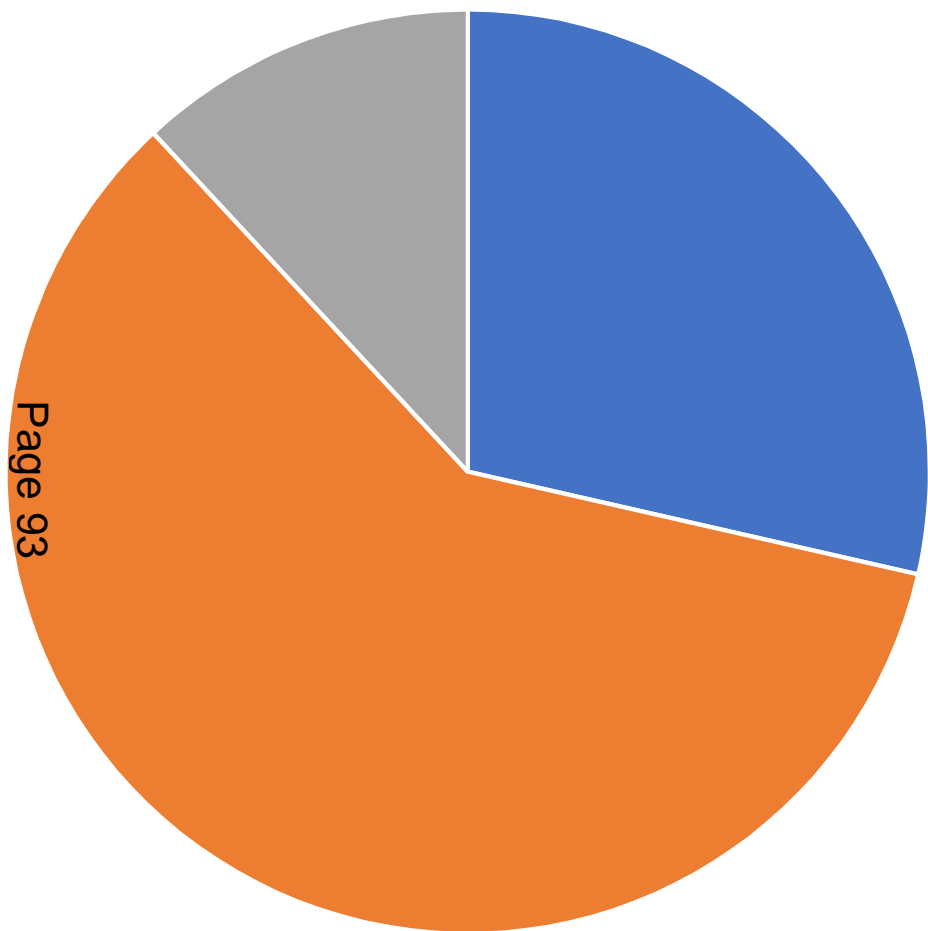
Savings breakdown	20/21	21/22	22/23	23/24
Savings required 12% including TOM				
Savings identified for 21/22				
FR savings planned				
FR savings delivered				
Of which:				
Savings through vacancies held including FTCs				
Flexible Retirement savings identified				
Costs relating to backfilling posts				
Unidentified savings 21/22				

Service impact of saving	£000

Business Plan Commentary

Savings breakdown

£000



■ Achieved Savings
 ■ Identified Savings
 ■ Unidentified Savings

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Department	Unidentified savings £000	% of budget
Department 1	14	6
Department 2	32	12
Department 3	17	3
Department 4	31	7
Department 5	79	5
Department 6	61	10
Department 7	64	8
Department 8	34	5
Department 9	26	4
Department 10	15	7
Department 11	27	8
Department 12	46	11
Department 13	24	3
Department 14	30	6

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Appendix 3 – Fundamental Review profile of savings/ income generation

Department	2020/21 Savings to date	2021/22	2022/23	2023/24	2024/25	Cum. SAVING	% of 21/22 budget
	£000- cumulative flightpath						
Barbican	(150)	50	750	2,100	2,800	2,800	11.6%
Built Environment	393	646	3,143	7,393*		7,393	18.8%
Chamberlain's	47	(253)	2,892			2,892	13.6%
Children & Community Services	89	494	650			650	4.8%
City Surveyor	808	883	1,313			1,313	4.4%
Mansion House	20					20	0.6%
Markets & Consumer Protection	550	747	749	755	754	754	23.9%
Open Spaces	25	30	35			35	0.3%
Town Clerk's	432	571	402	432	452	452	2.0%
Remembrancer	(85)	(85)	75			75	7.0%
Cross dept initiatives	38	137	205	298	359	359	-
TOTAL	2,167	3,240	10,234	15,963	16,743	16,743	

Items in brackets denote where pump priming received by department for initiatives is greater than cumulative saving in that year.

**£4m income from planning obligations- central risk. Transferred to OSPR. Excluded from % calculation of local budget*

Independent schools- no changes to City Corporation's contribution.

Department	2020/21	2021/22	2022/23	2023/24	2024/25	Cum. SAVING	% of 21/22 budget
RINGFENCED FUNDS							
GSMD	440	500	1,100	1,500	1,900	1,900	23.4%
Police	N/A- subject to own savings plan						

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Department
TC - Communications
TC - Corporate & Member Services
TC - Corporate & Member Services
TC - Corporate & Member Services
TC - Corporate & Member Services
TC - Corporate & Member Services
TC - Corporate & Member Services
TC - Culture
TC - Culture
TC - Culture
TC - Culture
TC - Culture
TC - Culture
TC - Culture
TC - CBT
Department of Built Environment
Department of Built Environment
Open Spaces
Open Spaces
Open Spaces
Open Spaces
Open Spaces

Chamberlains

Chamberlains

Chamberlains

Chamberlains

Chamberlains

Chamberlains

TC - Innovation & Growth

TC - Innovation & Growth

Remembrancers

Remembrancers

Mansion House & CCC

Comptrollers & City Solicitors

City Surveyors

City Surveyors

City Surveyors

City Surveyors

City Surveyors

City Surveyors

City Surveyors

City Surveyors

Efficiency changes

Promote filming in both the City and on our assets

Virtual and paperless committee meetings

Programme Management team have launched the Project Management Academy and taken on the management role of this, which will help to secure value for money in the future as suitably trained/qualified officers will be leading on delivery of projects.

Programme Management - Ensuring all projects are co-ordinated and governed appropriately.

CSPT -combined strategy annual reports and working groups and simplified the annual business planning process

CSPT - improving processes around production of performance reports and dashboards so that they are less resource intensive and more accurate and accessible

CSPT - We successfully moved the Annual City-wide Residents' Meeting online.

To remodel our services in response to required efficiencies, the fundamental and governance reviews, target operating model and changing user behaviour (as a result of COVID 19).

To continue to broaden access to the collections and services of London Metropolitan Archives (LMA) Guildhall Library (GHL) and City Business Library (CBL), particularly through partnerships with external organisations and stakeholders, including the London boroughs; and digitally.

Fluidity of staff across teams to focus on areas of highest priority as capacity allows

Loss of all income streams at the City information Centre; 2021/22 actions will seek to address this and drive revenues

Co-commissioning and partnership delivery of cultural activities are prioritised to drive value and extend reach

Refocus of engagement activities and a broadening of access online (through LMA and GHL) in response to the impact of Covid-19 while on site public access has been suspended

Greater collaborative grant-making in the context of C-19 through the "London Community Response" collaboration

Paper based CON29 property search services have been replaced by a remote, digital service since June 2020

Deletion of obsolete vacant posts and increased skill sharing opportunities across the department

Implement the required savings to deliver a balanced budget within the reduced core funding envelope through a combination of reducing expenditure, increasing income.

Increased use of online services for payment and bookings

Increased use of cashless payment

Took our services on-line', increasing the provision of digital content so 'digitally open while physically closed'

Greater focus on generating additional income e.g. through new lease arrangements, licencing, donations, car park charging.

Implement alternative, more efficient methods of delivery across all the services we provide to make the required savings, by reducing expenditure and increasing income.

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Investigate and develop new business models for Port Health and the Heathrow Animal Reception Centre to capitalise on opportunities that arise as a result of Brexit.

We have implemented immediate savings of £4.1m which will be fully realised by 2024/25, with a further £3m modelled subsequently. Savings will be achieved through a blended model of reduced activity (without compromising our creative and civic offer), staff cost reductions, plus additional efficiency savings. Savings will be supplemented with steady growth of new and existing income streams.

All face to face training has been converted to virtual apart from the one or two which cannot. First Aid and Fire training.

Deployment of staff internally and supporting external bodies.

New data systems introduced for our family of schools and the Aldgate Children's Centre

Increases in transactional thresholds and electronic transactions

Budget holder and project manager self-service

Integration / extension of transactional shared services

Climate Action Strategy – We are responsible for delivering Scope 3 emission actions related to our financial investments.

Strengthening our focus on strategic priorities and top financial risks to the Corporation. Increasing self-service and shared services. Driving other process efficiencies.

We are reviewing all Chamberlains contracts to find areas to reduce costs

A refresh of our Category Boards terms of reference to give greater focus on full lifecycle contract review.

The launch of the Commercial Board to work corporately to consider new way of working and income generation potential for the future.

Roll out of AV solutions across the Guildhall estate

Creation of an IT function for the London Strategic Co-ordination group

Deployment of more laptops across CoL and CoLP

Deployment of Office 365 and Teams for CoLP

Service automation to reduce costs

We are reviewing our contracts to find areas to reduce costs

We will automate services to reduce cost increasing self service

Introduce new software to manage freedoms administration

We are reviewing the operations of the CHB Court to find efficiencies

We plan to introduce whole life cycle costing and carbon reduction to our responsible procurement process resulting in significant savings.

The paperless policy implementation will result in a saving in both the cost of stationery and recycling across the organisation

Climate action work on our investments will reduce climate related risk and financial losses

Development of the use of data analytics, subject to investment of time and budget

Rationalisation of the Audit Plan to meet the constraints of the financial envelope for the service

A swift pivot to a virtual engagement programme (VEP) will now be incorporated into a hybrid engagement and visit model going forward.

The London Recharged report was our contribution to the London wide vision for recovery and the Recovery Task Force will look at forward looking plan for a thriving economy with a vibrant offer in the Square Mile. These both will be complimented by the introduction of a cross Corporation strategy in 21 22 which outlines the strategic priorities and role for the global success of UK FRPS.

Use technology to deliver City Events either virtually or in a hybrid form will be explored further.

Supporting secondments of two thirds of the events team both externally and within COL

Further development of new income streams (e.g. CCC Tours)

A rationalisation of the employee establishment will deliver the 12% saving of £101k and an additional £136k unallocated savings.

We will develop and implement asset management strategies that align Corporate Property Asset Management Strategy, Investment Property Strategy and risks. We will ensure that we unlock the potential of our property assets in a way that supports the efficient delivery of the Corporate Plan, and Service Departments' business plans.

We will ensure buildings are fit for purpose, sustainable, energy efficient, safe and secure, providing access for all, meeting service needs, obligations to tenants and community expectations and delivering value for money through enhancing our efficiencies; this includes asset management and forward maintenance plans, provision of facilities management, delivery of cyclical projects, minor improvements and major capital projects for refurbishments and new builds.

We will efficiently manage the City of London's investment property portfolios (City Fund, City's Estate and Bridge House Estates) to generate and grow income that can be reinvested into the organisation and underpin delivery of corporate priorities, deliver our local authority services, support the charitable organisations through the Bridge House Estates and support the efficiency challenge.

An increased focus on income protection and tenant retention following the covid-19 pandemic. Income generation and maximisation will continue to be a key departmental priority.

Dealing with increased arrears. Where properties are vacated, to expedite our void / remarketing activities to ensure positive income flows.

Increased focus on project delivery innovation in order to achieve greater VFM.

Achieving efficiencies in the utilisation and asset management of the City's operational properties and tenancies. We will focus on asset realisation, income protection, and income generation from operational estate.

Supporting the outcomes of the Target Operating Model, notably the integration of Markets and the Old Bailey into the department, seeking to learn from and implement best practice from across the Organisation.

Theme	What are these achieving	Year saving
Process improvement	Income generation	
New ways of working	Efficiency	
Skills improvement	Value for money	
Process improvement	Effectiveness	
Process improvement	Efficiency	2020/21
Process improvement	Efficiency	2021/22
New ways of working	Effectiveness	2020/21
New ways of working	Efficiency	
Process improvement	Effectiveness	
New ways of working	Efficiency	
New ways of working	Income generation	
Process improvement	Value for money	
Process improvement	Effectiveness	
Process improvement	Effectiveness	
Process improvement	Effectiveness	
New ways of working & Skills improvement	Efficiency	
New ways of working	Efficiency	
New ways of working	Effectiveness	
New ways of working	Effectiveness	
New ways of working	Effectiveness	
New ways of working	Efficiency	

New ways of working	Efficiency
New ways of working	Efficiency & Income Generation
New ways of working	Effectiveness
New ways of working	Efficiency
New ways of working	Effectiveness
New ways of working	Effectiveness
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New ways of working	Effectiveness
New ways of working	Effectiveness
Process improvement	Effectiveness
New ways of working	Effectiveness
New ways of working	Efficiency
New ways of working	Efficiency
Process improvement	Effectiveness
New ways of working	Efficiency & Income Generation
New ways of working	Effectiveness
New ways of working	Effectiveness
Process improvement	Effectiveness
Process improvement	Effectiveness
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Process improvement	Efficiency
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New ways of working	Efficiency
New ways of working	Effectiveness
Business continuity	Efficiency
Process improvement	Efficiency
New ways of working	Efficiency
New ways of working	Income generation
Business continuity	Effectiveness
New ways of working	Income generation
New ways of working	Efficiency
Process improvement	Efficiency
Process improvement	Efficiency
New ways of working	Income generation

New ways of working	Income generation
Business continuity	Income generation
Process improvement	Value for money
Process improvement	Income generation
New ways of working	Efficiency

APPENDIX 5: Breakdown of 12% savings by department/ Cttee and FR savings

	2020-21 Local Risk	12% Saving	Fund. Review Savings 21/22	Total Saving 21/22	% of 12%/TOM savings on local risk	% of FR savings on local risk	Total % of savings against budgets
Barbican Centre	17,389	0	50	50	0%	0%	0%
Barbican Residential	(2,179)	391	35	426	-18%	-2%	-20%
The City Bridge Trust	2,920	0	0	0	0%	0%	0%
Community & Children's Services	11,021	650	309	959	6%	3%	9%
Community & Children's Services - HRA	(790)	0	0	0	0%	0%	0%
Culture, Heritage and Libraries	6,665	1,011	24	1,035	15%	0%	16%
Education Board	1,052	126	140	266	12%	13%	25%
Establishment	7,381	888	256	1,144	12%	3%	15%
Finance	34,387	4,239	(241)	3,998	12%	-1%	12%
General Purposes Committee of Aldermen	2,827	381	20	401	13%	1%	14%
Guildhall School of Music and Drama	6,799	0	0	0	0%	0%	0%
Licencing	13	2	0	2	15%	0%	15%
Markets	1,439	171	172	343	12%	12%	24%
Open Spaces Directorate	1,419	170	0	170	12%	0%	12%
Epping Forest and Commons	4,352	523	15	538	12%	0%	12%
Hampstead Heath, Queen's Park and Highgate Wood	5,255	631	15	646	12%	0%	12%
Bunhill Fields	116	14	0	14	12%	0%	12%
West Ham Park	710	85	0	85	12%	0%	12%
Open Spaces	1,248	133	0	133	11%	0%	11%
Planning and Transportation	13,344	1,352	581	1,933	10%	4%	14%
Police	81,458	*2,300	0	0	3%	0%	3%
Policy and Resources	10,773	1,247	301	1,548	12%	3%	14%
Port Health	9,233	1,519	640	2,159	16%	7%	23%
Property Investment Board	18,280	2,352	786	3,138	13%	4%	17%
City of London Freeman's School	82	105	0	105	128%	0%	128%
City of London School	1,217	227	0	227	19%	0%	19%
City of London School for Girls	275	91	0	91	33%	0%	33%
	236,686	18,608	3,103	21,711	8%	1%	9%

*= on Corporation Funding

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