

Committee(s)	Dated:
Finance Committee	11 May 2021
Subject: Financial Services Division – Quarterly Update	Public
Does this proposal require extra revenue and/or capital spending?	N
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: Chamberlain's	For information
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Summary

Highlights from the last three months have included:

- Production of the 21/22 budget and Medium-Term Financial Plan;
- Launch of the COVID Recovery Fund for local/curb-side businesses within the square mile;
- Progression in the 'Finance for the Future' workstreams, especially improvements in modelling capability on the major projects; and
- Rescoping of the ERP oracle project to ensure our new system aligns to the goals of the Corporation; and the cultural shift required under the new target operating model.

KPIs show that business rate collection has exceeded expectations in difficult circumstances, with an in-year collection rate for 20/21 of 94.37% compared with 97.36% in 2019/20- a drop of only 3%. Commercial rent collection for quarter 4 is 74% compared to target 98% – as a result of the pandemic. This amounts to 81% against revised budgets 2020/21 and is in line with expectations.

Recommendation

Members are asked to note the report.

Main Report

Current Position

The last three months have been a productive few for the Financial Services division, with the production of the 21/22 budget and Medium Term Financial Plan, closing of accounts commencing follow the end of the financial year, the launch of the Covid Recovery Fund, on-going efforts within the Revenues team (on Business Rates and

Grants), and continued work on the Finance for the Future workstreams to improve outcomes within the team and to its customers.

20/21 Closing Accounts Update

1. Statutory deadlines for City Fund draft and final accounts have moved from 1st June and 31st July to 1st August and 30th September for the next two accounting years (2020/21 and 2021/22).
2. The Closing of accounts is progressing well against original timescales and with close oversight by the Assistant Director and weekly closing meetings across the division to address challenges as they arise, draft unaudited accounts are on track to be presented in line with the Committee forward programme.
3. We are awaiting confirmation of audit dates from our external auditors; who are flagging potential delays to scheduling, due to later delivery of last year's audit during the pandemic. The audit sector more widely is highlighting a capacity issue in delivering to the revised local authority accounts publication deadlines; and London Audit Chairs discussed this issue with CIPFA and the Local Government Association at their April meeting.

Business Rates & Grants

4. Business Rates collection has exceeded expectations in difficult circumstances, with an in-year collection rate for 20/21 of 94.37% compared with 97.36% in 2019/20. This is a reduction of around 3% which is far less than was predicted at the beginning of the financial year.
5. The Business Rates Team has awarded around £130m in the enhanced Retail and Hospitality Relief meaning around 1,800 business had no business rates to pay in 20/21. The Team have also been engaged in assessing and paying the various Government Business Support Grants. During the initial Government Restrictions, the Team awarded around £20.4m in Small Business and Retail and Leisure Grants to around 1,400 SME businesses and a further £730K in discretionary grants to assist a total of 100 small medical businesses, market traders and small charities that were not able to access the other Government grant schemes.
6. Since November 2020 the Team has been administering the Government Business Support and Restart Grants and has paid around 7000 grants totalling around £35m.

COVID Recovery Fund

7. April saw the launch of the £50m COVID Recovery Fund for local/curb-side businesses within the square mile. Corporate Treasury and Revenues teams have worked tirelessly to put a process in place to receive applications. The initial take up on the grant hasn't been quite as high as first predicted, but the process is working well. As of the end of April, 42 applications have been approved, with another 92 applications pending submission.

8. We have on-boarded two Corporate Asset Recovery firms to review those submitting an application to the fund. This review will ensure that the businesses we are supporting will be viable in 6-12 months. The firms give their recommendation and the Corporation makes the final decision.
9. A communication campaign is being produced to encourage applications from relevant businesses.

Finance for the Future (FSD Transformation) workstreams

10. The work of the Finance for the Future Workstreams is continuing. The Financial Regulations were approved by this committee in April, with an annual review put in place. Work is continuing at pace of the Strategic Financial Analysis capability workstreams, with the markets project model entering into the testing phase. A training programme for the development of modelling skills of our accountants is planned for launch in the summer.
11. An internal review of the capital processes has been commenced, with the initial recommendations shared with the Assistant Director for consideration. The intention of this workstream is to create efficiencies and reduce double handling across the Financial Services Division. The findings and outcomes of the review will also be considered as a part of the requirements build for the new ERP system.

ERP Oracle Project

12. Following approval of the ERP gateway 2 and additional funding. The ERP project board is being established, chaired by the Chamberlain/Assistant Director, with representatives from across Finance, HR, Procurement, IT and Police. The board is set to meet in early May to approve the approach to the ERP procurement. This will follow with a number of workstreams which will also feed into the workshops to ensure our new system aligns to the goals of the Corporation.
13. The replacement of the new ERP solution crosses over various committees, however it is considered that the home 'service' committee is Finance. A proposal on appropriate governance and will follow in due course, including a recommendation that a member working group is formed to scrutinise the programme, ensuring delivery of the right solution; integration functionality with systems across the organisation; and ensuring that lessons learned from the Oracle upgrade and property module are incorporated into design.

KPI Scorecard- other matters

The Score card reflects the 20/21 Financial Year

Appendices

- Appendix 1 – FSD KPI Scoreboard

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