

Committee(s) Finance Committee	Dated: July 2021
Subject: Chamberlain's Key workstreams and business plan update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Outcome 5: <i>Businesses are trusted and socially and environmentally responsible</i> Outcome 8: <i>We have access to the skills and talent we need</i> Outcome 9: <i>We are digitally and physically well-connected and responsive</i>
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 Chamberlain	For Information
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Summary

This report provides Members with a brief update on key areas of work in the Chamberlain's department and assurance that the department has made a good start in delivering the 2021/22 Departmental Business Plan.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Chamberlain's Departmental Business Plan for 2021-22 was approved by Finance Committee on 8 December 2020. This report has been produced to provide Members with a summary of key work streams, progress against key deliverables in quarter one.

Progress on Key Priorities

Developing the Finance Target Operating Model underpinning the CoL TOM

2. The Chamberlain's Department has begun embedding the new structure of the TOM, starting with most of the City Procurement and IT divisions moving into the new Chief Operating Officer's department on 1 July. The focus has now shifted to consultation on the new tier two level of management within the new Chamberlain's department. A proposal for tier two has been circulated to those affected and consultation has begun.

Supporting the Fundamental Review and New Operating Model for the Organisation through providing Strategic Financial and Commercial Advice

3. The impact of the global pandemic continues to affect the Corporation into 2021/22 financial year. Significant work carries on in supporting the organisation with financial and commercial advice, in particular to address the adverse impacts of COVID-19 and delivery of flightpath savings. The Chamberlain in consultation with the Chair and Deputy Chairman of the Resource Allocation Sub Committee agreed to carry forward a total of £9.1m from 2020/21 underspends in accordance with guidelines. This will further support departments to deliver activities delayed by COVID-19 whilst protecting their budgets to continue with planned services for 2021/22.
4. The Chamberlain's Finance department in collaboration with Commercial and Procurement services (Chief Operating Officer department) continue to work closely with departments to review opportunities to derive efficiencies, savings or income that will assist the services operate within their new budget envelope.
5. The delivery of flightpath savings is fundamental in ensuring the medium-term financial plan remains balanced and on track to support the Corporation's delivery of services and Major Projects. Whilst savings are being identified across the Corporation, there have been delays to securing them due to the delay in TOM implementation. In order to support the Corporation's objectives, the Chamberlain's Department is working closely with the Chief Strategic Officer and City Surveyor to challenge departments as they prepare their deep dives to Efficiency and Performance Sub Committee and departmental plans to the Design Authority Board. This provides a higher level of officer scrutiny prior to taking proposals to the relevant boards/committees focusing on delivery of 12%/TOM and Fundamental Review savings; challenge of existing and future business plans; impact on service delivery etc. In addition, a tracker has now been implemented to capture progress to date.

Delivering an Ambitious Programme of Departmental Change to ensure fit for the future, responsive and value for money

6. As the Chamberlain's department progresses with the Tier 2 structure, all divisions have been considering their proposed future working practices in the lead up to the TOM implementation. The strategies are being designed in line with the TOM as well as ensuring they are fit for the future, responsive and value for money.
7. FSD are continuing to work on an internal transformation programme – Finance for the future. Six workstreams have previously been identified to achieve savings and transformation in FSD including: improved ways of working, processes and procedures, improved strategic financial modelling capability; cultural and structural improvements; staff development; and better communication.

Driving Process Standardisation and Enterprise Resource Planning System implementation

8. The project for the ERP replacement of the Finance, HR Payroll and Procurement system is progressing. Workshops are to be held throughout July and August 2021 organised by Society for Innovation, Technology and Modernisation (SOCITM) who will lead on this alongside industry experts. The workshops will be used to scope the needs for the new system inform the scope for the tender process. The scope will also be reviewed by the Berkley Partnership at no additional cost to the organisation, to ensure alignment to the TOM. A project board has been set up and is chaired by the Chamberlain and attended by the HR director and COO. A Member steering group is also proposed and is going through the final stages of committee sign off – final date 23rd July. These groups will provide additional scrutiny to ensure we deliver an efficient and effective system that is fit for purpose. Finance, IT and Procurement colleagues will also be working together to review case studies of organisations that have recently gone through this process to attain an understanding of lessons learned.
9. The ERP replacement will bring about huge efficiencies and move away from transactional processing to more strategic financing. Where implementation of the ERP replacement is still some 2 years away, the Chamberlain department continues to review current processes and recommend and look to drive through process standardisation for: project accounting (BAU and Major Projects); budget monitoring; and budget estimates and capital.

Delivering an annual audit plan that is aligned to the Corporate Plan and provides assurance to key stakeholders

10. Good progress has been made in the first quarter of the year in delivering the Internal Audit Plan; as reported to the July Audit and Risk Management Committee, 25% of all planned work for 2021/22 has been delivered to at least Draft Report stage, with work in progress in relation to a further 25% of the plan.

The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks. There are some resourcing challenges facing Internal Audit in securing the required efficiency savings, the Head of Internal Audit and Risk Management is working with the Chamberlain to resolve these and is confident that the net impact on overall assurance provision will be minimal.

As part of the wider organisational focus on supporting and ensuring value for money, Internal Audit are currently exploring ways to incorporate a more explicit consideration of VFM within planned audit work. For the remainder of the current year this will be through the inclusion of an objective within each audit review to consider the adequacy and effectiveness of arrangements in place to ensure value for money. For subsequent years, it is anticipated that the Internal Audit Plan will include some specific and more targeted VFM assessments, including looking at crosscutting governance and wider organisational arrangements in place to ensure VFM and financial sustainability. It is hoped that this may also prove to be an area where there can be closer alignment between the work of Internal and External Audit.

Additional COVID-19 priorities

The COVID Recovery fund went live in April 2021 recently extended to 31st July 2021. The Finance Team have worked with Town Clerk's to deliver the COVID recovery fund for local/curb-side businesses within the square mile and have received 490 applications to date, requesting £33.6m. Of the 490 applications:

- 48 applications (£3.3m) are on hold pending further clarification before forwarding on for assessment.
- 134 applications (£9.0m) have been declined, either due to not meeting the criteria or applying as a non-ratepayer and have been advised to reapply as a ratepayer.
- 308 applications (£21.3m) have passed for financial viability assessment.

From the 308 applications a total of £5.6mm has been paid to date. £0.36m are conditional subject to rent concessions being granted, and £802m is committed subject to further review.

Returning to the Guildhall

11. Chamberlain's Senior Leadership Team have agreed a return to the workplace plan for the department to use as a guide to prepare their own individual team plans. Teams are now applying this to their own return plans ready for when the government advice on working from home changes, expected to be 19 July. Particular attention is being paid to the Chamberlain's Court to ensure safety of both employees' recipients and their guests.

Key Data

12. The departmental scorecard can be found in Appendix 1 and details progress against key performance indicators.

Corporate & Strategic Implications

Strategic implications

13. The Chamberlain's Business plan supports the following outcomes in the Corporate Plan:
 1. Outcome 5: Businesses are trusted and socially and environmentally responsible
 2. Outcome 8: We have access to the skills and talent we need
 3. Outcome 9: We are digitally and physically well-connected and responsive

14. The Department, alongside IT and Procurement colleagues under the Chief Operations Officer, leads corporately and supports a variety of strategies which are represented in the business plan:
 - Responsible Business Strategy
 - Climate Action Strategy
 - Digital Skills Strategy
 - Information Management Strategy
 - Procurement and Commercial Strategy

Financial implications

15. The department is working hard to identify savings to meet the 12% savings target. Due to delay in the implementation of the TOM, one-off savings are being secured for 2021/22, largely through holding vacancies. The impact of COVID-19 has seen a significant increase in workload across the Corporation, for Finance this is in addition to the implementation of TOM and FSD transformation programme. In the short term this places a huge amount of pressure on the team as they work through these challenging workstreams over and above business as usual, until new structures can be put in place to secure savings. First quarter budget monitoring has been presented as a separate item to this committee, this demonstrates further work is required to identify alternative savings whilst reducing impact on delivery.

Equalities implications

16. The department's ED&I working group is working to progress the Equalities, Diversity and Inclusion plan centred around 4 themes (support, education, insight and structure).

Conclusion

1. Members are asked to note that good progress made on key work streams and in the delivery of the Chamberlain's business plan. Performance for the first quarter of the year is in line with expectations.

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