

Committee(s)	Dated:
Finance Committee	6 September 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
Report author: Caroline Al-Beyerty – Chamberlain's	

Summary

Highlights from the last three months have included:

- Production of the 2021/22 draft accounts for all funds (noting oversight of Bridge House Estate's (BHE) accounts has moved over to the BHE Board);
- Planning for the 2022/23 budget setting process and Medium-Term Financial Planning;
- Progressing grant awards for 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
- Kick off for workshops to shape the specification of the ERP system replacement.

KPIs show that business rate collection has exceeded expectations in difficult circumstances, with an in-year Q1 collection rate for 2021/22 of 44% compared with 43.11% in 2020/21 and 48.10% in 2019/20 - a drop of only 4.1% on the comparable pre-COVID position. Commercial rent collection for Q1 is 88% compared to target 98% – as a result of the pandemic.

Recommendation

Members are asked to note the report.

Main Report

Current Position

The last five months has been a productive period for the Finance team, with the production of the 2021/22 draft accounts and commencement of the audits; ongoing work relating to the COVID Recovery Fund; planning for the 2022/23 budget process and underpinning bilateral meetings; and continued work on the Finance for the Future

workstreams to improve outcomes within the team and to its customers. Chamberlain's Court reopened for business in person 17 August 2021. The Clerk and Deputy Clerk have been admitted around 90 people in the first 3 weeks of reopening, with only 5 ceremonies carried out virtually.

Chamberlain's staff are returning to the office a minimum of two days a week. Capacity of the office will shortly move from 40% to 60% bringing more desks back into action and allowing more colleagues to book desks on a given day.

20/21 Closing Accounts Update

1. Statutory deadlines for City Fund draft and final accounts have moved from 1 June and 31 July to 1 August and 30 September for the next two accounting years (2020/21 and 2021/22).
2. The draft City Fund accounts were published on 30 July, in line with the statutory deadline. Despite meeting the published deadline for City Fund and completing draft accounts for City's Cash, there has been a late start to the audit of City Fund and City's Cash accounts. The audit is progressing with close oversight by the Assistant Director and weekly closing meetings across the division to address challenges as they arise.
3. As previously flagged by our external auditors there will be a delay in completing the City Fund audit, which won't achieve the 30th September deadline. This is due to resource constraints linked to delivery of last year's audits which were delayed due to the pandemic coupled with additional audit requirements. 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, discussions are on-going.
4. Although BDO has commenced the audit for BHE, the Audit Partner has been absent from the start of the audit with the Audit Manager now also absent. This has caused further delays in completing the audit for both City's Cash and BHE in line with agreed timelines. Discussions are on-going with BDO as we wait for revised timeframes and a solution to replace the current Audit Partner. The Chairmen of Finance, Audit & Risk Management Committees and the BHE Board have written to BDO to secure a revised delivery timetable, given the serious reputational impact that any delay has on various Funds of the City Corporation.

2022/23 budget setting

5. Guidance notes were issued to Chief Officers on 3 August on the assumptions for budget setting (based on the steer from the Resource Allocation Sub Awayday); and on 19 August for the Bilateral meetings underpinning the budget setting process. Bilaterals between Service Committee Chairmen and the Chair(men) of Policy and Resources and Finance and their Deputies will commence in September and run through to October. It is expected that conversations will cover the following 5 key areas:
 - i) 2021/22 and 2022/23 budget setting:

- a. Progress in securing the 12% savings– measures for 2021/22 and full delivery for 2022/23.
 - b. Progress with the TOM and capturing savings secured through post reduction.
 - ii) Medium term outlook- key political initiatives, service direction and progress with fundamental review.
 - iii) What these savings mean on the ground for service delivery and assurance that efficiencies have actively been secured before any reduction in service delivery.
 - iv) Using the opportunity to improve service outcomes within a reduced financial envelope - to what extent are departments and Service Committees doing things differently?
 - v) Capital needs and latest thinking on use of Corporation assets in line with Corporate objectives.
6. Outputs from the bilateral meetings regarding the 12% savings (including TOM) tracker will be reported to your Efficiency and Performance Sub Committee. Furthermore, the TOM tracker and associated costs relating to the delivery of the TOM will be reported to the Establishment Committee.

Corporate Treasury Update

- 7. The Insurance Team are currently tendering for the property insurance and the fine art insurance (both with a renewal date of 25 December). All the insurance policies with a renewal date of 24 June were successfully placed. The Banking and Investment team are currently tendering the Investment Consultant contract for the non-property investments for the Pension Fund, City's Cash and Bridge House Estates.
- 8. On 14 July City's Cash took receipt of the second tranche of private placement (market) debt of £200m. These funds have been invested in line with the City Corporation's 2021/22 Treasury Management Strategy Statement.

Business Rates & Grants

- 9. Business Rates collection has exceeded expectations in difficult circumstances, with an in-year collection rate for 2020/21 of 94.37% compared with 97.36% in 2019/20. Collection for 2021/22 remains strong with an increase from 43.11% in 2020/21 to 44% in Q1 2021/22.
- 10. The Business Rate Team has administered the Expanded Retail and Hospitality Relief for 2021/22 with 100% relief continuing to apply for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022.
- 11. The Team have finalised assessing and paying the various Government Business Support Grants. All Business Support Grants were paid by the end of July 2021.

COVID Recovery Fund

12. 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 to assess the grants and as at the end of August, 216 applications have been approved with nearly £9.5m paid.
13. Two Corporate Asset Recovery firms continue to review applications to the fund. This review ensures that the businesses we are supporting will be viable in 6-12 months. The firms give their recommendations and the Corporation makes the final decision.
14. The scheme closed to new application at the end of July 2021 but payments may be made until end of January 2022.

Finance for the Future (FSD Transformation) workstreams

15. The work of the Finance for the Future Workstreams is continuing. 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.
16. 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

17. A Project Board chaired by the Chamberlain has been established to oversee the delivery of the ERP Project from design to procurement and throughout delivery and implementation.
18. A Members Steering Group has also been appointed from key Committees to provide oversight and steer to the Project Board. Meetings are in the process of being set up for 2021/22.
19. Workshops to develop specification for going to market kicked off in early September, with an initial meeting of the colleagues across the organisation to ensure our new system aligns to the goals of the Corporation.

Freedoms

20. The Chamberlains Court have returned to conducting ceremonies from mid-August. As we recover from the pandemic and return to the workplace the

Chamberlain's Court has put the following precautions in place in line with Corporation's cautious approach to the return:

- Reduced the numbers of guests invited to each ceremony.
- Reduced number of ceremonies in one day so that guests are less likely to pass one another.
- Move to digital by default approach, specifically card only payments in Chamberlain's Court, streamlined application process with online payments, document verification undertaken virtually.

21. The waiting list for ceremonies has significantly increased due to most applicants preferring to receive their Freedom in person. This will be partially eased by conducting ceremonies at Livery Halls whereby more Freemen are admitted together, in a single ceremony. The team are working to produce further plans to reduce waiting list numbers.
22. The Court has continued to operate with reduced capacity, conducting 700 ceremonies and 1000 applications, the Clerk has also attended virtual livery dinners to give speeches.
23. A new Freedom applications system is currently being tested by the team. The new software will manage freedoms administration providing the ability for statistical analysis as well as digitalising formerly manual processes. Users of the new system are to be provided with an enhanced experience when completing the application process. The system will provide increased resilience replacing an old heritage system which is no longer fit for purpose.
24. As the current Court Clerk prepares for retirement this raises a need to recruit to the position. A job description is now being prepared for the recruitment pending approval of the Chamberlain's structure under TOM.

KPI Scorecard- other matters

The Score card reflects the 2021/22 Financial Year

Appendices

- Appendix 1 – Chamberlain's KPI Scoreboard

Contact:

Caroline Al-Beyerty

Chamberlain

Caroline.Al-Beyerty@cityoflondon.gov.uk

T: 020 7332 1113