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| Committee(s): Finance Committee | Date: 18 July 2023 |
| Subject: Chamberlain's Business Plan 2022/23 end of year update | Public |
| Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly? | 3, 5, 8 & 10 |
| 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: The Chamberlain | For information |
| Report author: Caroline Al-Beyerty – Chamberlain & CFO | |

Summary

1. Overall, the Chamberlain's department has made good progress on its Business Plan approved by this committee at the meeting on 9 November 2021. This report outlines key progress against Chamberlain's departmental objectives in 2022/23. Progress has been against a backdrop of a high number of key vacancies particularly in the Financial Services Division and the outcomes delivered has required significant commitment and effort from Chamberlain's staff as well as careful management, reprioritisation of workloads and deliverables.
2. The Chief Investment Officer Function has been appointed and recruitment has now been completed in most teams across the department.
3. In year collection rates for Council Tax and Business Rates during 2022/23 have remained strong. Freedom Ceremonies conducted have increased, back up to pre-pandemic levels. However, in 2022/23 the City's performance for the payment of invoices within 30 days was at 92% which was a 5% shortfall from target. Actions are underway to address the dip in performance, including automation and training for purchase order requestors and code providers across all departments.
4. The delay in audit sign off for City Fund accounts, from 2020/21, remains a challenge due to the national issue on the accounting for the infrastructure assets and now the pension triennial review. The additional workload arising from these issues is having a knock-on impact on the Financial Services Division and our auditors, causing significant delays.
5. Pace has been maintained on the Chamberlain's transformation programme; in particular, we are currently procuring a new Enterprise Resource Planning (ERP) system to replacement the current HR, Payroll and Finance systems.

Recommendation

Members are asked to note the report.

Main Report

Current Position

6. Highlights for each division from the last quarter 2022/23 and 2023/24 plans can be found under appendix 1.
7. In year collection rates for Council Tax and Business Rates during 2022/23 have remained strong. Council Tax collection has increased from 96.80% in 2021/22 to 98.38% in 22/23. Business Rates collection has also increased from 97.20% to 98.93%. Investment Property Income has increased – collection in 2022/23 was at 89.58% (£7.2m arrears) compared to 84.53% (£16.6m arrears) in 2021/22.
8. Freedom Ceremonies conducted have increased from 1237 (2021/22) to 1621 (2022/23) and are now back up to pre-pandemic levels. Notably in 2022/23 the Chamberlain's Court Shop increased its profits by 45% making this financial year its most profitable one to date.
9. In 2022/23 the City's performance for the payment of invoices within 30 days was at 92% which was a 5% shortfall of the target and a reduction of 2% compared to 2021/22. However, it must be noted that there was an increase in supplier invoices and a reduction in the Accounts Payable (AP) team during this period to support this process. An invoice automation project is underway with a third-party provider to reduce manual invoice processing by the AP teams by using data extraction and e-invoicing routes and it is anticipated that improvements will be seen in Q3 2023/24. Additionally further training is planned for PO requestors and AP code providers across all departments to improve their procurement housekeeping and support them fulfil their duties. Delivery of a data cleansing plan is underway to tackle long outstanding POs, invoices on hold and outstanding credit notes in line with the ERP implementation.
10. The Chief Investment Officer Function has been appointed and recruitment has now been completed in most teams across the department. Financial Services has moved closer to filling key positions which will improve the resilience of the service, including the appointment of the Assistant Director of Financial Services who will join the City on 31 July 2023

Chamberlain's Transformation

11. Throughout 2022/23, the Chamberlain's Transformation Programme was developed and the workstreams that formed the programme spanned across each team within the Chamberlain's Department.

12. Workshops were held to establish the strategic vision of the Department which informed the underpinning strategic pillars and team values, and a departmental action plan was developed, progressed and monitored to address the feedback provided.

13. The Transformation programme workstreams align with the strategic pillars- good stewardship, commercial, digital first, empowering the team and trusted partner. 2022/23 saw the establishment of 46 workstreams. The major workstreams are Enterprise Resource Planning (ERP) Project Implementation; capital process transformation; matrix working; and upskilling the team.

7 workstreams were completed during 2022/23 as shown below:

| Strategic Pillar | Priority Initiatives | Intended Outcomes | Lead Team | Priority | Status |
|------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------|------------|----------|----------|
| Commercial | Increase yearly Freedom fee in line with inflation | Ensure Court income is not adversely affected by external economic factors | CHB OFFICE | High | Complete |
| Commercial | Cashless CHB court | Update purchasing platform | CHB OFFICE | Medium | Complete |
| Digital First | Microsoft office issues in Capita Cloud – Excel/Email | System improvement to improve process efficiency and increase automation | FSS | High | Complete |
| Digital First | Rates Task Manager | Workflow withing Capita, allocation across teams, monitoring workload | FSS | High | Complete |
| Digital First | DSI GovMail Project | Reduced cost and increased efficiency for ad-hoc letter printing | FSS | High | Complete |
| Digital First | Utility Bills Interface File | Reduce manual intervention for invoices processing. Remove risk of late payment fees. | FSS | High | Complete |
| Empower | Develop service values and culture standards | The development of a finance service identity and a culture of high performance | SLT | Medium | Complete |

14. In addition to the above, the funding/affordability strategy to fund the major projects programme is underway and being developed to support the significant pressures highlighted.

ERP Oracle Programme Update

15. The ERP programme will deliver the replacement of the current HR, Payroll and Finance systems (Midland HR and Oracle) into a single ERP solution for the Corporation and its Institutional Departments to align with the new Target Operating Model (TOM).

16. In 2022/23 the key focus was to:

- Complete the soft market testing exercise. (Soft market testing)
- Validate the City's business requirements. (Soft market testing)
- Align plans to the new City priorities and the new Target Operating Model (Soft market testing)
- Set new terms of references under member governance by appointing a lead committee and reconvene the ERP Member Steering Board to ensure representation across the Corporation is aligned to the ERP Programme Board. (Governance)

17. The soft market testing was completed in December 2022. The ERP Programme Board stated their preferred route would be a phased transition with HR to be the primary focus to be followed by Finance.

18. The ERP Programme Board agreed that the procurement approach should be a "Restricted Procedure" to ensure compliance with public procurement regulations. This approach and the planned budget of £9.8m were approved by the Committees (Digital Services Committee, Finance Committee and the Operational Property and Projects Sub Committee) through the ERP Programme Gateway 3 paper and the Procurement Stage 1 paper submitted in March 2023.

19. Governance: The Members Steering Group set up in September 2022 continues to provide oversight and steer to the ERP Programme Board. Due to the cross-cutting nature of the transformation Members agreed to appoint a lead committee (the Digital Service Committee) which would provide sponsorship for Steering Group approvals providing cross-committee engagement.

20. The ERP Programme Board continues to meet monthly chaired by the Chamberlain as SRO.

21. The focus for 2023/24 will be running the software procurement and making an award recommendation (November 2023) and identifying a "System Integrator" to work with the City Corporation on the implementation (November 2023).

Closing Accounts Update

22. The statutory deadlines for City Fund draft and final accounts were moved from 1 June and 31 July (respectively) to 1 August and 30 September for 2020/21 accounting years (2020/21 and 2021/22). Further to this change, an extension has been made to the audit deadline for the 2021/22 accounts to November 2022 in response to the continued audit delays.

23. The draft City Fund accounts for 2020/21 were published on 30 July, in line with the statutory deadline. Despite all efforts to sign off the City Fund accounts in December, this was not achieved due to a late technical query which could not be resolved in time. Whilst the above issue was being resolved, another issue,

regarding the accounting for infrastructure assets, has been raised at a national level which is preventing sign-off of any outstanding accounts. An agreement between audit firms and CIPFA on a practical solution was confirmed in March 2023, however further scrutiny by the Finance Reporting Council (FRC) has delayed the signing of 2020/21 accounts. This continues to have an impact on 2021/22 and now 2022/23 accounts.

24. As previously raised, the City Fund audit should have been completed by 30th September. This was unachievable due to BDO 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 DLUHC wrote last year to local authorities recognising the issue. One of the key interventions proposed is whether certain accounting and audit requirements could be reduced on a temporary basis, where these are of lesser risk to council. CIPFA is currently consulting on amendments to the valuation's requirements of operational property and a delay to implementing IFRS 16 covering lease recognition to reduce to burden on preparers and auditors of accounts.

25. These are welcomed interventions, however, due to the backlog of work created by these delays, the 2021/22 accounts audit has been impacted which for City Fund is coupled with new auditors beginning their term and a loss of key resources. Financial Services Division is working closely with both auditors to sign off 2020/21 and 2021/22 accounts by end of July 2023.

26. The audits of Bridge House Estates and City's Cash 2021/22 accounts were completed and signed off in January.

Corporate & Strategic Implications

Strategic implications – Strategic priorities and commitments are expressed in Appendix 1.

Financial implications – The 2022/23 Business Plan was drawn up based on a 12% reduction in the departmental budget compared to 2021/22.

Resource implications – Any changes to resources have been identified and will be delivered through the implementation of the Target Operating Model.

Legal implications – None.

Risk implications – Key risks managed by the department are included in the Risk Update Report also received by this committee.

Equalities implications – The department has a separate Equalities and Inclusion Plan which aims to improve the department's Equalities position for employees. Where appropriate the department will complete Equality Impact Assessment for upcoming changes.

Climate Implications – Under the Climate action strategy the departments Corporate Treasury function is responsible for delivering Scope 3 emission actions related to our financial investments.

Security implications – None.

Appendices

Appendix 1 – Chamberlain's Business Plan update

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