

Committee(s): Finance Committee	Date: 8 November 2023
Subject: Chamberlain's Business Plan Quarter 2 2023/24 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: Anna Flashman – Head of the Chamberlain's Office	

Summary

1. Overall, the Chamberlain's department has made good progress on its 2023/24 Business Plan.
2. This report outlines key progress against departmental objectives for quarter 2 (Q2). Highlights for each division can be found under appendix 1.
3. Financial Services Division continues to fill key positions which will improve the resilience of the service and support the on-going pressures as well as the opportunity to catch up with the backlog of close down and audit work in particular.
4. In year collection rates for Council Tax and Business Rates during Q2 2023/24 have increased compared to the previous year's collection. Investment Property Income continues to improve with the overall collection at the end of Q2 at 96.19%. Arrears now stand at £6.3m.
5. In Q2 the City's performance for the payment of invoices within 30 days was 91% - a 6% shortfall of the target. The quantity of supplier invoices has increased which has placed further pressure on the Accounts Payable team. The team continue to focus on clearing the invoice processing backlog as well as progress the Invoice Automation project with a third-party provider to reduce manual invoice processing. It is anticipated improvements will be seen next quarter. (Q3).
6. The delay in audit sign-off for City Fund accounts, from 2020/21, remains a challenge. The auditor has queried the prevalence and impact of reinforced autoclaved aerated concrete (RAAC), across City Funds asset base. Resolution of this issue continues to have a knock-on impact for the accounts relating to 2021/22 and 2022/23, and the workload of Financial Services Division. Final sign off for the 2020/21, 2021/22 City Fund and 2022/23 City's cash audits are planned for the November Finance Committee. The 2022/23 City Fund audit work is expected to be substantially complete by December with sign off in the new year.

7. The five-year medium term financial plan (MTFP) for the City Fund and City's Cash was updated for Resource Allocation Sub Committee Away Day held in July. Assumptions to be used in budget setting for 2024/25 were agreed with Finance Committee, allowing the next stage of budget setting to progress, namely, service committee budgets to be prepared in line with their business plans.
8. Pace has been maintained on the Chamberlain's Transformation Programme; in particular, we are currently in the process of procuring a new Enterprise Resource Planning (ERP) system to replace the current HR, Payroll and Finance systems.

Recommendation

Members are asked to note the report.

Main Report

Current Position

9. Highlights for each division from quarter 2 plans can be found under appendix 1.
10. Financial Services Division continues to fill key positions which will improve the resilience of the service. In quarter 2, the Assistant Director of Financial Services and Group Accountant for Major Projects both began their roles. Two Graduate Trainees also started with the expansion of this programme over the coming years a key part of the transformation. Successful appointment of the Chief Accountant, expected to start in January 2024.
11. In year collection rates for Council Tax and Business Rates during 2023/24 have increased when compared to previous year's collection. Q2 Council Tax collection has increased to 55.1% and Business Rates collection has also increased to 66.27% - an increase of nearly 0.10% when compared to the same point in 2022/23. Investment Property Income continues to improve with the overall collection at the end of September 2023 at 96.19%. Arrears now stand at £6.3m which compares favourably to the £9.2m which was outstanding.
12. This quarter, the Chamberlain's Court shop increased its profits by 49% compared to Q2 2022/23.

Payment of invoices

13. In Q2 the City's performance for the payment of invoices within 30 days was 91% representing a 6% shortfall of the target. The quantity of supplier invoices has increased by 6.5% which has placed further pressure on the Accounts Payable team.

Month	All transactions Qty	Paid after 30 days Qty	30 days on time %
Apr-23	4,927	243	95%
May-23	5,214	438	92%
Jun-23	5,296	389	93%
Q1	15,437	1070	93%
Jul-23	5,326	446	92%
Aug-23	5,904	550	91%
Sep-23	5,277	483	91%
Q2	16,507	1479	91%

14. The team continue to focus on clearing the invoice processing backlog as well as progress the Invoice Automation Project with a third-party provider to reduce manual invoice processing conducted by the AP team by using data extraction and e-invoicing routes. It is anticipated improvements will be seen next quarter (Q3).
15. Delivery of a data cleansing plan is underway to tackle long outstanding POs, invoices on hold and outstanding credit notes in preparation for the ERP implementation.
16. New self-service reports were developed for Open Orders and AP Holds to enable all Oracle users to show who is responsible for taking action to resolve them. An overview dashboard was developed to show high level summary statistics, analysing this information by department, age and person responsible to allow the resolution progress to be easily monitored.
17. Training was delivered to 127 Oracle users across all departments to ensure awareness of the actions they need to take for both PO and AP open items and how to use these new reports. 100% of delegates rated this training from *satisfied* to *very satisfied*.

Closing Accounts Update

18. Sign off of the 2020/21 City Fund Accounts has been delayed again. The auditor has queried the prevalence and impact of reinforced autoclaved aerated concrete (RAAC), across City Funds asset base. Chamberlain's and City Surveyors staff are working to resolve this query as quickly as possible; initial reviews suggest that the impact is likely to be minimal.
19. However, resolution of this issue continues to have a knock-on impact for the accounts relating to 2021/22 and 2022/23. The auditors have completed their fieldwork for 2021/22 and are completing their file review and internal closing procedures. Further, for 2022/23, substantial positive progress has been made on audit fieldwork to date, with auditors commenting positively about the quality and speed of responses.
20. Final sign off for the 2020/21, 2021/22 City Fund and 2022/23 City's Cash audits are planned for the November Finance Committee. The 2022/23 City Fund audit work is expected to be substantially complete by December with sign off in the new year.

Budget setting process 2024/25

21. The five-year, Medium Term Financial Plan for the City Fund and City's Cash was updated for the Resource Allocation Sub Committee Away Day in July and assumptions to be used in budget setting for 2024/25 agreed with Finance Committee. New challenges identified at the departmental Star Chamber meetings were addressed ahead of the Resource Allocation Sub Committee's away day, which provided a better understanding on how cost pressures will be tackled during 2023/24, how outstanding permanent savings targets will be met as well as the opportunity to discuss risks and opportunities.
22. The budget envelope has been set for the financial year 2024/25, resource bases have been circulated allowing the detailed build by service committee to commence in line with their business plans. New bids as part of the Capital Programme for 2024/25 have been reviewed and are being considered before inclusion in the overall programme.

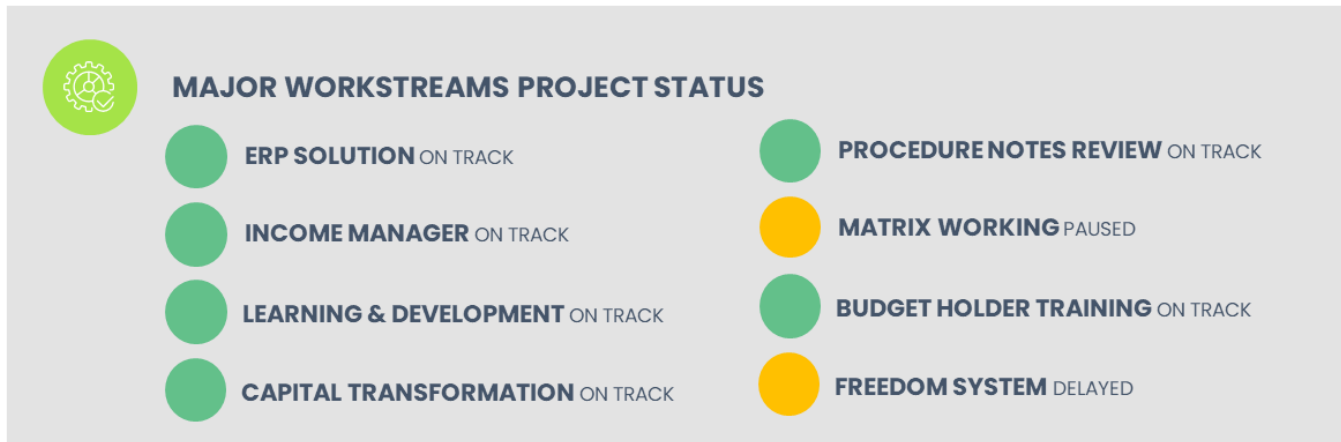
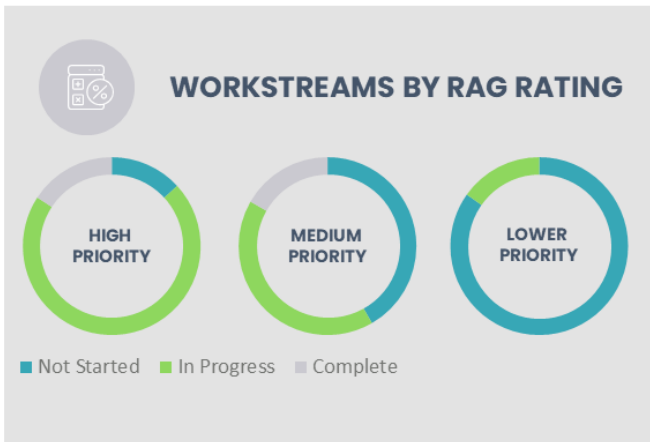
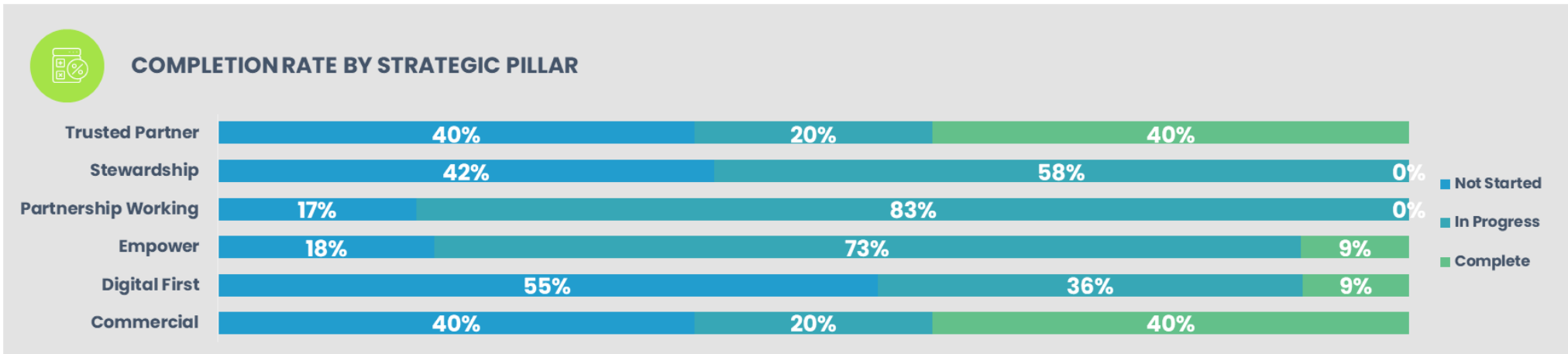
Chamberlain's Transformation

23. In Q2 2023/24 work continued in delivering a number of workstreams across the Chamberlain's department. Notably, the ERP Programme, progressed with the procurement of the software solution. The outcome of the procurement will be taken under urgency in order to progress at speed. Further work has continued on the resource planning to deliver this programme. A change lead has been appointed from the internal Transformation and Improvement team. Financial Services Division are focused on data cleansing the current system in preparation for the new system.

24. The Procedure Note Review was launched in July 2023, to review the existence, quality, accuracy and validity of procedure notes across teams within the department. The project is forecast for completion for Q3, with firm focus primarily on statutory and essential procedures.
25. The replacement Income Manager system is currently in User Acceptance Testing (UAT) phase. The project is on track to go live in Q3.
26. In September, the new Capital Forms platform was launched that is accessible via the intranet. Project managers can submit real time forms and requests to the Capital team. This new process ensures that all mandatory fields are completed prior to submission and allows to track the progress of their request via the platform.
27. Four workstreams were completed during Q2 2023/24 as shown below:

Strategic Pillar	Priority Initiatives	Intended Outcomes	Lead Team	Priority	Status
Digital First	CHB Intranet refresh	To ensure better knowledge sharing and efficiency and effective comms across departments	CHB OFFICE	High	Complete (Ongoing)
Digital First	Upgrading Audit management system	Replacing Pentana with the new system.	IA&F	High	Complete
Trusted Partner	Develop & plan all Chamberlain's Department major events & activities	Indicate major events, deliverables and dependencies during course of year and inform stakeholders well in advance	CHB OFFICE	High	Complete (Ongoing)
Trusted Partner	Develop overarching strategic Chamberlain's communications strategy	Key stakeholders aware of significant changes in Chamberlain's service	CHB OFFICE	Medium	Complete (Ongoing)

CHB Transformation Dashboard – Q2 2023/24



Corporate & Strategic Implications

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

Financial implications – The 2023/24 Business Plan reflected a 12% reduction in the departmental budget agreed and implemented in previous years.

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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