



Efficiency and Performance Sub (Finance) Committee

Date: WEDNESDAY, 2 JULY 2014
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

5. REVISED TERMS OF REFERENCE

For Decision
(Pages 1 - 6)

John Barradell
Town Clerk and Chief Executive

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Agenda Item 5

Committee: Efficiency and Performance Sub Committee	Date: 2 July 2014
Subject: Revised Terms of Reference	Public
Report of: Town Clerk	For Decision

Summary

This report complements the report to your last meeting which resulted in the approval of revised terms of reference for this Sub Committee, by outlining ways in which your Sub Committee will be supported in delivering against these revised terms of reference.

There are a number of reports which it is suggested that your Sub Committee would receive on a periodic basis, including continuing to receive quarterly reporting on London Councils' performance dashboard (LAPS), six-monthly reporting on the City Corporation's energy consumption performance, and annual reporting on the Combined Heat and Power (CHP) scheme.

A significant issue for this Sub Committee over the medium term will be monitoring of the savings generated by the Service Based Review (SBR) process and the programme of reviews and other activity generated by the Resource Allocation Sub Committee at its away day on 28th June and the Policy and Resources Committee in September, when the outputs of the SBR Chief Officer challenge meetings are discussed, and recommended actions are agreed. As well as establishing programme management and governance arrangements, your officers will also ensure that this Sub Committee receives reports on work streams within the SBR programme, and regular reports on the overall delivery of the full programme.

Recommendation(s)

Members are asked to:

- Endorse the proposals in this report for periodic and regular reporting, and
- Consider the appropriate frequency of reporting and, consequently, of future meetings of this Sub Committee.

Main Report

Background

1. At its last meeting, this Sub Committee considered its Terms of Reference, and amendments proposed by the officers on the Efficiency Board. For Members' reference, the previous terms of reference are attached as Appendix 1.

2. Members agreed amendments to the terms of reference, as shown below, and requested that a report be presented to this meeting, including a methodology on how the Sub Committee would fulfil its revised terms of reference. This report also provides the opportunity for Members to review the frequency of meetings.
3. Each of the revised terms of reference is considered in turn.

To consider and advise the Grand Committee on matters relating to value for money in all aspects of the City of London Corporation's activities

4. This is unchanged and recognises that this Sub Committee is the focus for value for money activities across the City Corporation. For example, the work that it undertakes forms a key part of the evidence provided to the external auditors (City Fund) for their annual value for money conclusion. This requires them to include, in their annual audit report, a conclusion on whether the City Corporation "has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources in respect of the City Fund".

In accordance with Standing Orders to consider, with the Resource Allocation Sub Committee the resource allocation plans for subsequent financial years prior to their approval by the Policy and Resources Committee

5. This is unchanged and covers, in particular, the joint meeting of this Sub Committee and the Resource Allocation Sub Committee, with Committee Chairmen, to consider the overall financial position and medium term financial planning, held this year on 23rd January.

To review periodically the performance of each Chief Officer in order to promote efficiency and value for money and to ensure, over a period of time, full Member level scrutiny of all expenditure planned.

6. One of the roles that the Efficiency Board has performed is to act as an officer group directly supporting this Sub Committee. Officers will continue with this role by, for example:
 - reviewing reports to ensure that proper consideration is given to value for money issues;
 - considering the quarterly output from the LAPS performance monitoring tool (as referenced at paragraphs 9-12 of item 7 on this agenda), and other published performance information; and
 - continuing to monitor the various categories of triggers for departmental reporting, as referenced at paragraph 8 of item 7 on this agenda.
7. Your Sub Committee will continue to receive regular reports this work, drawing Members' attention to any specific issues arising, as is currently the case. Your officers are also considering ways in which the quarterly reporting by Chief Officers to their Service Committee can be summarised in a way that would support corporate performance reporting.

To be responsible for overseeing and monitoring the agreed programme of work arising from the Service Based Review programme and other saving and efficiency programmes ensuring the achievement of savings, and suggesting further areas for examination as appropriate.

8. The key element of the Service Based Review (SBR) programme during the first six months of 2014 has been the series of Chief Officer challenge meetings, followed by meetings with the relevant Service Committee Chairmen and Deputy Chairmen. The output from these meetings is being reported to the Resource Allocation Sub Committee's away day on 28th June. Following that meeting, it is anticipated that recommendations will be made to the Policy and Resources Committee in September, potentially covering: budget reductions to be implemented; income generation options to be pursued; further work to be undertaken within departments; and broader cross-cutting reviews. These will then form a programme of work for the next phase of the SBR.
9. In order to maintain the momentum generated by the challenge meetings, and to ensure that a focus is maintained on progressing the agreed programme with sufficient rigour, a supporting programme management function will be established. This will also enable key officers to align the SBR activities with key HR and IS projects, as part of a co-ordinated portfolio of change / transformation activities.
10. Governance and accountability arrangements will be established, to sit alongside the delivery and reporting of the capital programme. These will include clear reporting lines through to the Strategy and Performance Summit Group, and the Chief Officers' Group, which will receive regular delivery reports, as appropriate, on the SBR programme. It is anticipated that these arrangements will be supported by a number of policies, standards and tools, developed through engagement and consultation with Chief Officers.
11. This Sub Committee will receive reports on work streams within the SBR programme, and regular reports on the overall delivery of the full programme, along with updates on other savings initiatives, including updates on the schedule of savings currently appended to the Transformation and Efficiency Board update reports (see Appendix 2 to item 7 on the agenda for today's meeting).
12. Members may wish to consider an appropriate escalation process if the Sub Committee, in monitoring the SBR savings, established that they were not being fully delivered or there were significant risks around delivery. This could include, for example, reporting to the Finance and Service Committees, and/or inviting the responsible Chief Officer to set out what steps were being taken to get the savings and overall budget back on track.

To review and to monitor performance against the Chamberlain's Departmental Business Plan and related corporate initiatives in order to promote efficiency and value for money.

13. This reflects Members' desire to assume a greater role in reviewing specific services within the Chamberlain's Department. This Sub Committee has recently received reports on benchmarking of the finance function, and on the City of London Procurement Service, whilst the Finance Committee currently receives periodic business plan updates from the Chamberlain, as part of the corporate business planning process.
14. Members may wish to consider whether this Sub Committee should receive the periodic performance reports, or continue to receive reports on specific issues, as highlighted for example by the Grand Committee. In this context, it should be noted that elsewhere in the Corporation, Chief Officers' business plan performance reports are generally reported to the relevant Grand Committee, rather than a Sub Committee.

To make recommendations, where necessary, to bring about improvements in performance

15. This is unchanged from the previous terms of reference, and links back to the overall responsibility for value for money (paragraph 4 above).
16. An additional area now reported to this Sub Committee is energy management, formerly reported to the Energy and Sustainability Sub Committee of Policy and Resources. The report at item 9 on today's agenda is the latest six-monthly report on energy consumption and performance against the corporate energy reduction targets, and this Sub Committee also receives an annual report on CHP (Combined Heat and Power), most recently reported in January 2014.

Frequency of meetings

17. Your Sub Committee is scheduled to meet again in September. No meeting dates have been agreed for 2015. This gives Members the opportunity to consider the appropriate frequency for future meetings of this Sub Committee.

Appendices

- Appendix 1 – Previous Terms of Reference

Background Papers:

Report to Efficiency and Performance Sub Committee 5th March 2014: Review of Terms of Reference

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Efficiency and Performance Sub (Finance) Committee

Previous Terms of Reference

- *To consider and advise the Grand Committee on matters relating to value for money in all aspects of the City of London Corporation's activities;*
- *In accordance with Standing Orders to consider, with the Resource Allocation Sub Committee the resource allocation plans for subsequent financial years prior to their approval by the Policy and Resources Committee;*
- *To review on a rolling programme the revenue estimates of each Chief Officer and to monitor performance against individual Departmental Business Plans in order to promote efficiency and value for money and to ensure, over a period of time, full Member level scrutiny of all expenditure planned;*
- *To review the findings of the Efficiency Savings Programme and to suggest further areas for examination as appropriate; and*
- *To make recommendations, where necessary, to bring about improvements in performance.*

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