

<b>Committee:</b> Policy & Resources Committee	<b>Date:</b> 19 September 2019
<b>Subject:</b> Governance Review	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>
<b>Report author:</b>  Angela Roach, Assistant Town Clerk and Director of Members' Services	

### Summary

1. At its meeting on 14 March 2019, the Policy & Resources Committee agreed to a fundamental review (FR) of the allocation of the City of London Corporation's resources being undertaken. The purpose of this review is to ascertain how resources are currently being distributed against our Corporate Plan priorities; to ensure that the City Corporation was operating within agreed priorities and that the organisation's financial plans were sustainable in the medium term.
2. The nature of the City Corporation's funding and service provision is diverse and good governance is essential to ensure that it is functioning effectively and remains fit for purpose. Supporting our governance structures incurs a significant part of the Corporation's expenditure. Furthermore, any changes proposed through the Fundamental Review are likely to have implications for governance. Therefore, a number of Members have suggested that a review of our governance arrangements should be undertaken in parallel with the FR.
3. This view is strongly supported by your Resource Allocation Sub-Committee. The issue was considered at a recent informal meeting where it was noted that the last comprehensive review of the governance arrangements took place in 2010/11. The Sub-Committee also felt that it was likely that some radical changes would need to be considered and hard choices might need to be made to ensure that the arrangements are efficient and effective. It acknowledged the difficulties associated with doing this internally and is therefore recommending that any review is undertaken independently. Given the uniqueness of the City Corporation, any independent person appointed would be assisted by the Principal Committee and Members Services Manager that administers this Committee.
4. The Town Clerk was asked to look informally at the possibility of engaging external help to assist with review and, should the Committee be supportive, a separate paper on the outcome of his investigations has been submitted for Members to consider.

5. The last governance review was based on the City Corporation's Code of Corporate Governance and, subject to approval, it is anticipated that much of the Code will fall within the scope of this latest review. There are likely to be one or two other areas which merit inclusion in the review and it is suggested that these are delegated to the Town Clerk to establish and include.
6. It is proposed that the terms of reference of the review be "*to review the governance arrangements of the organisation by undertaking a comprehensive examination of the City Corporation's Code of Corporate Governance to ensure that the arrangements are efficient, fair, transparent and accountable*"; and to assist with the direction of this, it is suggested that any emerging issues and findings be considered by the Resource Allocation Sub-Committee in the first stance.

### **Recommendations**

7. It is recommended that, subject to the concurrence of the Court of Common Council:-
  - A comprehensive, independent, review of the City Corporation's governance arrangements be undertaken;
  - An independent consultant be appointed to undertake the review, with consideration being given to an appointment as set out in the report elsewhere on the agenda. The independent person would be assisted by the Principal Committee and Members Services Manager that administers this Committee;
  - The terms of reference of the review be as follows – "*to review the governance arrangements of the organisation by undertaking a comprehensive examination of the City Corporation's Code of Corporate Governance to ensure that the arrangements are efficient, fair, transparent and accountable*";
  - Whilst it is anticipated that much of the Code of Corporate Governance will fall within the scope of the governance review, the Town Clerk be authorised to establish and include any other areas which merit inclusion in the review;
  - The direction of travel, the emerging issues, findings and the formulation of recommendations be considered by the Resource Allocation Sub-Committee in the first stance;
  - Once the findings of the review and the views of the Sub-Committee have been considered by this Committee, all Members of the Court be consulted on the direction of travel and have the ability to contribute by way of an informal briefing session.

## **Main Report**

### **Background**

8. At its meeting on 14 March 2019, the Policy & Resources Committee agreed to a fundamental review (FR) of the allocation of the City of London Corporation's resources being undertaken. The purpose of the review is to ascertain how resources are currently being allocated against our Corporate Plan priorities and to ensure that:-
  - spending was being undertaken in accordance with agreed priorities;
  - the City Corporation's financial plans were sustainable in the medium term;
  - action was being taken to mitigate any risks which might be associated with Government's desire for public bodies to focus on need and its plans to change current funding mechanisms to reflect this; and
  - the City Corporation remains fit for purpose in the wake of, amongst other things, Government's forthcoming spending review, fair funding review, reforms to business rate retention and a police formula funding review.
9. The nature of the organisation's funding and service provision is diverse and good governance is essential to ensure that it is functioning effectively and remains fit for purpose. Supporting our governance structures incurs a significant part of the Corporation's expenditure. Furthermore, any changes proposed through the Fundamental Review are likely to have implications for governance. Therefore, a number of Members have suggested that a review of our governance arrangements should be undertaken in parallel with the FR.
10. This view was supported at the recent informal meeting of your Resource Allocation Sub-Committee. It was noted that it had been almost nine years since the last comprehensive review of the City Corporation's governance arrangements was undertaken and since that time, the number of bodies forming part of the decision making structure had increased to approximately 130 committees, sub-committees and working parties, excluding some of the bi-lateral committee meetings.
11. In reaching its conclusion the Sub-Committee was of the view that radical changes would need to be considered and that hard choices might need to be made. It acknowledged the difficulties associated with undertaking the review internally and therefore suggested that any review is undertaken independently. Given the uniqueness of the City Corporation, any independent person appointed would be assisted by the Principal Committee and Members Services Manager that administers this Committee.
12. The Town Clerk was asked to look informally at the possibility of engaging external help to assist with review and, should the Committee be supportive, a separate paper has been submitted for Members to consider.

13. The last governance review was based on the City Corporation's Code of Corporate Governance i.e. the various regulatory and protocols that govern how the organisation operates and makes decisions, such as, the committee structure (constitutions, terms of reference and membership), Standing Orders, the Scheme of Delegation, Member/Officer Protocols and a number of other supporting policies. Subject to approval, it is anticipated that these elements of the Code will also fall within the scope of this latest future review. It is likely that there might be one or two other areas which merit inclusion in the review. It is therefore suggested that this is left in the hands of the Town Clerk to establish and include accordingly.
14. It is also proposed that:-
- the terms of reference of the review be to *“review the governance arrangements of the organisation by undertaking a comprehensive examination of the City Corporation's Code of Corporate Governance to ensure that the arrangements are efficient, fair, transparent and accountable”*;
  - to assist with the direction of travel, the emerging issues, findings or the formulation of recommendations be considered by the Resource Allocation Sub-Committee in the first stance. Members might recall that the Sub-Committee performs the role of a Reference Sub-Committee, in that it considers and makes recommendations on matters referred to it by the Grand Committee; and
  - Once the findings of the review and the views of the Sub-Committee have been considered by this Committee, all Members of the Court be consulted on the direction of travel and have the ability to contribute by way of an informal briefing session.

### **Strategic Implications and Conclusion**

15. Effective and responsible stewardship of the City Corporation and its resources is fundamental for the organisation to continue to deliver excellent services for all its stakeholders. A fundamental review of how resources are currently being allocated against our Corporate Plan priorities is an essential part of ensuring responsible stewardship. It is important that a review such as this is examined alongside the City Corporation's current governance arrangements as the two are interrelated.
16. A review of the governance arrangements will ensure that how the City Corporation governs itself is appropriate, efficient and transparent. It will also enable the organisation to ensure that the best arrangements are in place; that it is operating efficiently, functioning effectively and that remains fit for purpose in the medium to long term.

**Appendices – None**

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