

Committee:	Date:
Efficiency and Performance Sub (Finance) Committee	05 March 2014
Subject:	Public
Sub Committee Terms of Reference	
Report of:	For Decision
Town Clerk	

Summary

At the last meeting, Members requested that the Terms of Reference for this Sub Committee be reviewed at the next meeting.

The Terms of Reference have been considered by the Efficiency Board, who have made the following proposals:

- i. *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 – **retain** without amendment*
- ii. *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 – **retain** without amendment*
- iii. *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 – **amend to:** To review and to monitor performance against the Chamberlain's Departmental Business Plan in order to promote efficiency and value for money.*
- iv. *To review the findings of the Efficiency Savings Programme and to suggest further areas for examination as appropriate – **amend to:** To monitor the agreed programme of work arising from the Service Based Review programme, ensuring the achievement of savings, and suggesting further areas for examination as appropriate*
- v. *To make recommendations, where necessary, to bring about improvements in performance - **retain** without amendment*

Recommendation

Members are asked to endorse the proposals for amendments to this Sub Committee's Terms of Reference

Main Report

Background

1. The current terms of Reference for this Sub Committee are as follows:
 - *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.*

Proposals

2. Following consideration of the Terms of Reference by the Efficiency Board at its February meeting, the actions proposed in respect of each point are as follows:

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
3. It is proposed to **retain** this point without amendment. In fulfilling this role, the Sub Committee provides an appropriate focus for value for money activities. The work that the Sub Committee undertakes forms a key part of the evidence provided to the external auditors 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;
4. It is proposed to **retain** this point, without amendment. This point covers, for example, the recent 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.

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;

5. It is proposed to **amend** this point. When the appointment of this Sub Committee was agreed, in April 2011, to succeed the Estimates Working Party, this was identified as a key role for the Sub Committee. To fulfil this role, the Sub Committee considered reports from individual Chief Officers, examining and challenging the economy, efficiency and effectiveness of services delivered. This process was supported at officer level by the Efficiency Board and a specially constituted Efficiency Scrutiny Team.
6. In March 2012, the Efficiency Board reviewed this style of reporting and concluded that the departmental-based reports were not resulting in the identification of any further savings or efficiencies. It was also noted that the process of producing and reviewing these reports, and providing the required support to Members, was becoming particularly resource-intensive. Members agreed to suspend the programme of departmental reporting and in future receive thematic or cross-cutting reports. The latest of these reports, on Supplies and Services and Third Party Payment spend, is due to be presented to this Sub Committee at its May 2014 meeting.
7. Alongside these themed reports, Members requested that a system of “triggers” be introduced, with the aim of identifying specific departments, or individual service areas, that should then be subject to more detailed scrutiny and reporting. These triggers are considered at each meeting of the Efficiency Board, under the following main headings:
 - Budgetary position
 - Performance benchmarking
 - Issues reported to Committee
 - Issues from quarterly performance meetings and business planning meetings with the Deputy Town Clerk
 - External audits or inspections
 - National studies
 - Feedback from service users
 - Internal Audit reviews
 - Other – including general issues of public/national concern
8. Members also discussed at the last meeting whether the current “triggers” required adjustment, as they have not, to date, identified any areas necessitating a full departmental report to the Sub Committee. The Efficiency Board will continue to discuss issues raised under the headings above at its monthly meetings, and request further work as appropriate. An example of this is the Internal Audit review of the approval of planning applications, which was reported to the Sub Committee in March 2012. The Board will continue to report on issues identified, as part of the regular Transformation and Efficiency Boards update report.
9. This Sub Committee does not monitor performance against individual Departmental Business Plans, as this is a function of the Service Committees, each of which receives a quarterly report from the Chief Officer(s) that report to that Committee, including progress against departmental business plan key objectives, key performance indicators, and the departmental risk register. However, it is anticipated that in due course the Sub Committee will be

receiving reports from individual Chief Officers on the results of reviews that they will be carrying out of functions within their departments, arising from the Service Based Review process. Specific mention is made of the Service Based Review process and the Sub Committee's role in paragraphs 12 and 13 below. In addition, issues of concern arising from quarterly performance meetings between Chief Officers and the Deputy Town Clerk form part of the triggers list (paragraph 7), and so will be drawn to Members' attention as part of that process.

10. Members did suggest, however, at the last meeting, that the Sub-Committee could assume a greater role in reviewing specific services within the Chamberlain's Department, which reports to the Finance Committee as its main service Committee. In this context, the Sub Committee has recently received reports on benchmarking of the finance function, and on the City of London Procurement Service.
11. Proposed additional wording: *To review and to monitor performance against the Chamberlain's Departmental Business Plan in order to promote efficiency and value for money.*
To review the findings of the Efficiency Savings Programme and to suggest further areas for examination as appropriate.
12. It is proposed to **amend** this point to make specific reference to the Service Based Review. Members have already agreed that savings identified as part of the Service Based Review and the resulting programme will be monitored by this Sub Committee. An overview of the agreed savings is now being reported to every meeting as part of the Transformation and Efficiency Boards update report. The full programme will be produced following the Resource Allocation Sub Committee's away day in June, where the full range of proposed savings options generated by the Star Chamber challenge sessions with Chief Officers will be presented.
13. Proposed revised wording: *To monitor the agreed programme of work arising from the Service Based Review programme, ensuring the achievement of savings, and suggesting further areas for examination as appropriate.*
To make recommendations, where necessary, to bring about improvements in performance
14. It is proposed to **retain** this point, without amendment.

Background Papers:

Report to the Efficiency and Performance Sub Committee on 16th March 2012:
Future programme of the sub-Committee

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