

Committee: Efficiency and Performance Sub-Committee	Date: 6 July 2016
Subject: Update on Value for Money	Public
Report of: The Chamberlain	For Information
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Summary

The Finance Committee has within its Terms of Reference responsibility for Value for Money across the Corporation. This report updates the Sub-Committee on progress in improving the value for money monitoring regime. The intention is that key value for money tools and measures, such as key performance indicators, procurement compliance statistics, external benchmarking, rationalisation of asset reviews, and stakeholder feedback will be included in the revised corporate and business planning system. The evidencing and monitoring of Value for Money will become a major part of the Business Planning cycle and this Committee will have a key role in scrutinising and challenging those Plans. This work will inform the Work Programme for the Committee (as set out in the subsequent report on the agenda).

Recommendation

The Committee is recommended to note this report.

Main Report

Background

1. Finance Committee has within its Terms of Reference responsibility for Value for Money across the Corporation. Value for Money is defined as the 'Relationship between economy, efficiency and effectiveness' (see Appendix 1)
 - Economy is reducing costs wherever we can
 - Efficiency is getting the most out of our money
 - Effectiveness is achieving better outcomes and impact for the public
2. Ensuring Value For Money (VFM) should be a responsibility which, in the first instance, rests with the Chief Officers undertaking expenditure and providing services, overseen by the relevant Service Committee. This should be subject to regular scrutiny and challenge by this Sub-Committee, in line with its own Terms of Reference. As set out in the Work Programme report, further information will be provided to the Sub-Committee, at its September meeting, regarding the work which the Sub-Committee will undertake in assuring Value for Money.
3. However, such a duty around ensuring VFM is not written into Service Committees' Terms of Reference. There is also no mention of VFM in Standing Orders around conduct of business, other than the recently updated Standing

Order 55 which states “Committees are required to consider the effective and efficient use of all operational property assets. This will be monitored by the Corporate Asset Sub-Committee”.

4. Certain public sector organisations are considered to be “Best Value authorities”. This includes all local authorities, but is not specifically extended to the Corporation beyond its local authority functions. The Duty of Best Value is “to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”
5. In any event it is not clear how Service Committees currently satisfy themselves of VFM. A more coherent approach which will be established, alongside a regular process of constructive challenge.

Current Position

6. The current review of the Business Planning process will allow value for money considerations to be embedded within the annual cycle and medium term planning horizon.
7. An Opportunity Outline on ‘Business Planning and Performance Management’ was recently agreed by the Chief Officer Summit Group. This followed engagement workshops held with Business Managers from across the organisation during April/May 2016. These sessions concluded that a review of the full cycle of business planning was necessary. Key drivers for change included:
 - Establishing a strong link between the Corporate Plan priorities and department priorities
 - A need for cross-cutting corporate priorities and objectives, identified through the Chief Officer Steering Groups, informing and driving departmental business plan development
 - Support for the new corporate governance and Committee requirements
 - More joined-up business plans across departments to enable better prioritisation and resource planning and break away from silos
 - Business plans need to be more outcome-focused and to provide a ‘golden thread’ that is meaningful to staff
 - Business planning needs to be an effective tool for planning and managing short, medium, and long term goals
 - Introduce effective sequencing and links with other corporate processes (e.g. Finance, Risk, Asset management and HR)
8. A Member Working Party will be set up to provide input to this review.
9. It is expected that key VFM tools and measures, such as key performance indicators, procurement compliance statistics, external benchmarking, rationalisation of asset reviews, and stakeholder feedback will be included in the revised corporate and business planning framework. Such metrics will enable service committees to assess how well we are performing in securing economy, efficiency and effectiveness in our activities.

10. Alongside the revised Business Planning cycle, work on enhancing the robustness of financial information is continuing, particularly with the introduction of the more streamlined and automated financial forecasting system, due later in the year.

Conclusion

11. The evidencing and monitoring of Value for Money will become a major part of the Business Planning cycle and this Sub-Committee will have a key role in scrutinising and challenging those Plans.

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