

### **Efficiency and Sustainability Plan – Draft v2**

The City of London Corporation has four funds to help the City of London Corporation promote financial, professional and business services, provide excellent public services and support the City, capital and country as a whole. They must be used efficiently and effectively to maintain the City's underlying infrastructure and services and so we can pay for initiatives which meet our long-term aims.

Two of these are paid for by ratepayers and taxpayers:

- City Fund - money used to cover local authority activities in the square mile and beyond.
- Police Fund – the money used to pay for the City of London Police Force

Two are provided at no cost to the taxpayer:

- City's Cash - an endowment fund built up over 800 years and passed from generation to generation used to fund services that benefit London and the nation as a whole.
- Bridge House Estates - the money used to look after five bridges over the Thames with any surpluses being used for charitable purposes and awarded through the City Bridge Trust.

### **Achieving Efficiency and Sustainability**

The City has a long-standing and in-built culture of maximising returns from its resources and seeking value for money. It assesses the scope for improvements in efficiency /value for money at a corporate and service level by a variety of means, including improvement priorities set by the Policy and Resources Committee through the annual resource allocation process, and internal examination and review by the Efficiency and Performance Sub Committee.

The City has a number of procedures in place to ensure that its policies and the principles that underpin them are implemented economically, efficiently and effectively. This framework includes:

- Financial Strategy. This provides a common base for guiding the City's approach to managing financial resources and includes the pursuit of budget policies that seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives;
- Budget policy. The key policy is to balance current expenditure and current income over the medium term. Both blanket pressure and targeted reviews are applied to encourage Chief Officers to continuously seek improved efficiency;
- Annual resource allocation process. This is the framework within which the City makes judgements on adjustments to resource levels and ensures that these are properly implemented;
- Corporate Property Asset Management Strategy. This aims to ensure that the City's

operational assets are managed effectively, efficiently and sustainably, in support of the organisation's strategic priorities and business needs;

- Capital project evaluation, management and monitoring. The City has a comprehensive system of controls covering the entire life cycle of capital and major revenue projects; and
- Treasury Management and Investment Strategies. Setting out the arrangements for the management of the City's investments, cash flows, banking and money market transactions;
- the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Consideration is given to efficiency during the development and approval stages of all major projects, with expected efficiency gains quantified within reports to Members. The performance of the City's financial and property investments are monitored and benchmarked regularly, both in-house and independently, through experts in the field.

The City's project management and procurement arrangements provide a consistent approach to project management and co-ordination of the portfolio of projects across the organisation. The Projects Sub Committee meets monthly to ensure that projects align with corporate objectives and strategy, and provide value for money

Fees and Charges and income generated from services are regularly benchmarked and further opportunities for commercial income generation are being pursued.

The Corporation has introduced a centralised procurement team over the last 3 years which has made to procurement to pay process increasingly efficient with procurement savings of £8m per year now being achieved.

### **Financial Challenges and Outlook**

In 2014, we estimated that due to cuts in government funding City Fund would be facing deficits approaching £11m by 2017/18 so we had to deal with this by scrutinising all our activities in what we called the Service Based Review. Proposals totalling £20m in efficiencies/extra income have been identified and are being implemented over a 4 year programme which will be substantially implemented by 2017/18. The efficiency saving proposals included Departmental and also Corporate Cross-cutting reviews. The Cross-cutting reviews which are now in implementation phases cover Strategic Asset Management (including Operational Property Reviews, Facilities Management, Contract Management, and Project Management), Income Generation, Effectiveness of Grants and Effectiveness of Hospitality.

We could, of course, have just made efficiencies in those areas paid out of public funds. But we decided it was not fair or equitable to ask some parts of our organisation to be more efficient and not others. This is because we have a duty to ensure the most effective and efficient use of our resources, we have a growing cost pressure to address the maintenance and renewal costs of our IT equipment and some of our deteriorating properties, and finally by being efficient and effective we can enhance existing services and pursue new priorities for the benefit of the City, London and the nation.

For non-Police services, the local government settlement in autumn 2015 was challenging but fell within the prudent assumptions included with the City's financial forecast. Subject to there being no significant adverse changes in financial planning assumptions across the period, forecasts indicate a small surplus in each of the next financial years moving close to breakeven by 2019/20. However, the economic outlook and public finances have deteriorated since the announcement of the local government settlement and there is no guarantee that government funding will be not be revised further downwards in future years.

### **Securing future financial sustainability and improving effectiveness**

Beyond 2017/18 when the current service based review programme will be substantially complete, an annual continuous efficiency saving target will be introduced for each department. It is projected that this will deliver £x savings in total across the City Fund, City Cash and Bridge House Estates Funds per year from 2018/19 sustaining these funds over the medium term and allowing for planned investment in our services.

In addition to these continuous improvement targets, further Corporate Efficiency and Effectiveness reviews are planned for when the Corporation has the capacity to deliver further transformation when the current cross-cutting programmes are completed. The role member Committees have in oversight of VFM is currently being developed and enhanced.

The City of London Corporate is reviewing its forward planning Business Planning and Performance Framework; this will support widespread service improvement and transformation based on a new business planning and performance framework. The new framework will introduce a standard way of planning over a longer timeframe with stronger links to resource planning and a more consistent approach to measuring VFM. In addition the Corporation is launching a major Accommodation and Ways of Working change programme. This programme aims to modernise working practices, based around the needs of our internal and external customers, optimise our buildings and facilities to provide focus for improvements to our business processes, skills and assets as well as positively enhance the Wellbeing of our staff.

The City of London will continue to evaluate opportunities for shared services and partnerships with other organisations. The Corporation currently provides shared services to London Councils and the Museum of London, jointly commissions Public Health services jointly with the London Borough of Hackney and has recently established a joined IT provision with the City of London Police. The increasing use of Peer Review and benchmarking of services will also increasingly assist in the generation of more transformational/long-term change options, concentrating on effectiveness and different ways of delivering services.

The Corporation maintain close links to the general public and business users of its services. Performance is communicated to Council Tax and Business Rate payers through the City-wide residents' meetings, the annual business ratepayers' consultation meeting and regular electronic and written publications, including an annual overview of performance, which contains a summary of the accounts. These existing consultation and other service specific mechanisms will be used and developed in seeking stakeholders views as the City develops its services, prioritises resources and seeks to implement services which are more efficient and effective and meet the needs of its customers.

## **City of London Police**

The Court of Common Council is defined as the police authority for the City of London Police Area. The role of police authority is to ensure that the City of London Police runs an effective and efficient service by holding the Commissioner to account; to ensure value for money in the way the police is run.

The Police Performance and Resource Management Sub Committee's responsibilities include overseeing the Force's resource management in order to maximise the efficient and effective use of resources to deliver its strategic priorities and ensuring that the Force delivers value for money

City of London Police manages its budget on a ring-fenced basis. The Court of Common Council has agreed to increase the Business Rates Premium from April 2016 (the first increase for ten years) with the additional income, estimated at £1.6m a year, being allocated to the Police to cover emerging cost pressures relating to security. Nevertheless, the underlying financial position remains challenging with deficits forecast across the period and reserves exhausted during 2017/18. This is despite implementing a challenging savings plan and previous budget reductions resulting in a 14% decrease in the number of police officers and £16m removed from the budget. The Force has a robust financial strategy in place to balance the budget over the period to 2018/19, which includes provision for a minimum general reserve balance for unforeseen or exceptional operational requirements. The Force and the City Corporation are also investigating areas for greater collaboration, including the development of a Joint Contact and Control Room as part of the One Safe City programme.