

Committee: Finance Committee	Date: 19 July 2016
Subject: Review of Sub-Committees	Public
Report of: Town Clerk	For Decision
Report author: Chris Braithwaite, Town Clerk's Department	

Summary

Following his election in May 2016, the Committee's Chairman requested the Town Clerk, in consultation with the Chamberlain and the City Surveyor, to conduct a review of the Finance Committee's Sub-Committees. The purpose of this review was to ensure that the Sub-Committees have sufficient clarity of purpose to operate effectively, that their Terms of Reference are fit for their purpose and that they are appropriately equipped to deal with more business being delegated to them from the Grand Committee. The Chairman also indicated that he would wish for the Sub-Committees to report their work to the Grand Committee more effectively and in a timelier manner.

As part of this review, the Chairman indicated that he wanted three of the Sub-Committees to be Chaired by other Members of the Finance Committee. In June 2016 he advised the Committee that he had identified Members that were willing to take the Chairmanship of these Sub-Committees. These Members have been consulted on the development of proposals set out within this report.

The proposals are:

- Approving the Chairman's proposal to authorise the Chairman of the Grand Committee to name the Chairmen of the Sub-Committees;
- Approving the Chairman's proposal to authorise the Chairmen of the Sub-Committees, after consulting with the Chairman of the Finance Committee, to name the Deputy Chairmen of their Sub-Committee;
- Considering whether to revise the process by which the Sub-Committees report to the Grand Committee;
- Confirming that each Sub-Committee will be presented with regular Work Programmes by Officers. These will demonstrate how the work they will conduct should accomplish their purpose as set out by their Terms of Reference.
- Revising the Information Technology Sub-Committee Terms of Reference to increase the frequency of meetings to every two months and empower that Sub-Committee to deliver a risk-based approach to the IT systems of the City of London Corporation and the City of London Police, including requesting that the Police Committee appoint a representative to the Sub-Committee;
- Revising the Corporate Asset Sub-Committee (CASC) Terms of Reference to empower that Sub-Committee to deliver its strategic asset management role across the Corporation;
- To enable this role to be carried out by CASC, considering whether to request revisions to the Projects Procedure and the process for the disposal of

properties declared surplus to operational requirements, to ensure that the CASC is involved in these processes;

- No changes to the Terms of Reference of Efficiency and Performance Sub-Committee, but a greater focus being given by the Sub-Committee to value for money matters; and
- Renaming the Finance Grants Sub-Committee as the Grants Oversight and Performance Sub-Committee, but no changes to the Terms of Reference;

These proposals should provide greater clarity as to the role and purpose of the Sub-Committees and allow them to be more effective in their role. That should ensure that a greater amount of work can be delegated from the Grand Committee to the Sub-Committees.

Recommendations

The Committee is asked to:

- a) Approve the amended Terms of Reference of the Finance Committee's Sub-Committees set out within Appendices B, C, D and E, including proposals by the Chairman as follows:
 - a. That the Chairman of the Finance Committee be authorised to appoint the Chairmen of each of the Committee's Sub-Committees.
 - b. That the Chairmen of each of the Sub-Committees be authorised, following consultation with the Chairman of the Finance Committee, to appoint the Deputy Chairman of that Sub-Committee.
 - c. That there be flexibility with regard to the size of the Sub-Committees, with a total of up to 15 Members being able to sit on any particular Sub-Committee.
- b) Consider whether it wishes to request that the Police Committee create a Special Interest Area (SIA) for Information Technology, with the Member appointed to that SIA being a Member of the IT Sub-Committee.
- c) Consider whether it wishes to request that Policy and Resources Committee consider an amendment to the Projects Procedure to provide Corporate Asset Sub-Committee with a strategic role in the Projects Procedure for operational property projects, as set out later in the report.
- d) Consider whether it wishes to request that Investment Committee considers an amendment to its Terms of Reference (and subsequently to Standing Orders) to allow Corporate Asset Sub-Committee to be responsible for the disposal of surplus operational properties which are not suitable as investment properties.
- e) Note that the Grand Committee's Terms of Reference will be reviewed in December 2016.

Main Report

Background

1. Following the May 2016 meeting of the Finance Committee, the Chairman of the Committee asked the Town Clerk, in consultation with the Chamberlain and City Surveyor, to review the operation of the Finance Committee's Sub-Committees.

2. The purpose of this review was to ensure that the Sub-Committees have sufficient clarity of purpose to operate effectively, that their Terms of Reference are fit for their purpose and that they are appropriately equipped to deal with more business being delegated to them from the Grand Committee.
3. The Chairman advised the Finance Committee of this review at the Committee's meeting on 7 June 2016. The Chairman also advised the Committee that he intended to retain Chairmanship of the Efficiency and Performance Sub-Committee, but wanted other Members of the Committee to Chair the three other Sub-Committees, specifically:
 - Corporate Asset Sub-Committee: Nick Bensted-Smith
 - Finance Grants Sub-Committee: Simon Duckworth
 - Information Technology Sub-Committee: Deputy Jamie Ingham Clark
4. These Members have met with Senior Officers in the relevant Departments to discuss the operation of the Sub-Committees. The outcomes of these discussions have been fed into this report. The Members and Senior Officers involved in developing the proposals have provided comments on the report.

Current Position

5. Since the meeting of the Finance Committee on 7 June 2016, the Town Clerk has coordinated meetings between Senior Officers and the Chairman of the Finance Committee, along with the proposed Chairmen of the Sub-Committees, to discuss proposals for the review of Terms of Reference and delegation of responsibilities to the Sub-Committees. The outcomes of these meetings are set out below.

Grand Committee Terms of Reference

6. It is not intended to conduct a review the Grand Committee's Terms of Reference at this time. It would be more appropriate to implement the revisions to the Sub-Committee's operations. The Grand Committee's Terms of Reference will be reviewed as usual in December, once the new Sub-Committee arrangements are in place and can be evaluated.

Chairmanship of Sub-Committees

7. As referenced above, the Chairman has indicated that he wanted other Members of the Finance Committee to Chair of the Sub-Committees and has proposed that the authority to appoint these Chairmen be given to him.
8. Currently, the Terms of Reference for each Sub-Committee state that the Chairman of the Finance Committee will be Chairman of each Sub-Committee. In line with the Chairman's proposal, it is proposed to amend this reference to state that the Chairman of the Finance Committee will be a Member of each Sub-Committee and the Chairman of each Sub-Committee will be appointed by the Chairman of the Finance Committee.

Deputy Chairmanship of Sub-Committees

9. The Chairman also believes that it would be appropriate for different Members of the Finance Committee to serve as Deputy Chairmen of the Sub-Committees. He has proposed that the Chairman of the Sub-Committees are authorised to appoint the Deputy Chairman of each Sub-Committee (following consultation with the Chairman of the Finance Committee).
10. Currently, the Terms of Reference for each Sub-Committee state that the Deputy Chairman of the Finance Committee will be Deputy Chairman of each Sub-Committee. In line with the proposals, it is proposed to amend this reference to state that the Deputy Chairman of the Finance Committee will be a Member of each Sub-Committee and the Deputy Chairman of each Sub-Committee will be appointed by the Chairman of the Sub-Committee (following consultation with the Chairman of the Finance Committee).

Reporting by Sub-Committees to the Grand Committee

11. The Chairman has requested that improvements are made in how the Sub-Committees report on their work to the Grand Committee, as he does not feel that draft minutes alone are an effective method by which to do this. Draft minutes will still need to be provided to ensure that the Committee is formally advised of all aspects of the work of the Sub-Committees.
12. The Chairman has proposed that brief reports should be provided to the Grand Committee on the work of each meeting of the Sub-Committee. This would be in addition to the production of the Sub-Committees' minutes. There would be a small, but manageable, resource implication in doing this for the Finance Committee. That resource implication would need to be considered further were this style of reporting rolled out to other Committees.

Work Programmes

13. Some of the Sub-Committees are currently provided with a Work Programme of future agenda items at each meeting. The Chairman has requested that these Work Programmes be provided for all of the Sub-Committees. He has also requested that these become more strategic in order to give Members a better sense of how the work of the Sub-Committees will fulfil their purpose as set out by the Terms of Reference.
14. An example of a Work Programme, provided to the Efficiency and Performance Sub-Committee, is provided at Appendix A.
15. Templates for similar Work Programmes will be developed by the Town Clerk's Department ahead of the next meeting of each of the Sub-Committees. These will be presented to each meeting by the lead Department for each Sub-Committee (Chief Grants Officer for Finance Grants Sub-Committee; City Surveyor for Corporate Asset Sub-Committee; Chamberlain for IT Sub-Committee; and Town Clerk for Efficiency and Performance Sub-Committee).

Individual Sub-Committee Terms of Reference

16. The Chairman has requested that the Sub-Committee's Terms of Reference be reviewed to ensure that they clearly demonstrate the purpose of each Sub-

Committee. This should support the delegation of more work from the Grand Committee to the Sub-Committees. The proposals to fulfil this objective for each of the Sub-Committees are set out below.

17. The Chairman has also indicated that he believes all Members of the Finance Committee should have the opportunity to serve on at least one Sub-Committee, if they so desire. He has suggested that flexibility should be added to the size of the Sub-Committees, from their current size of 11 or 12 Members to 11 to 15 Members. The size of the Sub-Committees should not extend beyond this, as they would become comparable in size to some smaller Grand Committees.

Information Technology (IT) Sub-Committee

18. The existing IT Sub-Committee Terms of Reference are descriptive of the kinds of reports that the Sub-Committee will receive, which is information more properly included within a Committee's Work Programme.
19. It would be more appropriate for the Terms of Reference to be focused on the purpose and priorities of the Sub-Committee, from which the items of business will be generated. To that end the Terms of Reference have been redrafted (set out at Appendix B). The Terms of Reference seek to demonstrate that the Sub-Committee will take a risk-focused approach to IT systems to ensure that the systems are capable of delivering business operations for the City of London Corporation and City of London Police.
20. It has also been suggested that, given the current workload of the IT Sub-Committee, it would be beneficial for the Sub-Committee to schedule meetings every two months, rather than its current frequency of meeting every three months. This seems appropriate, although there would be a small resource implication for the additional two meetings per annum.
21. Although the Sub-Committee has responsibility for the City of London Police's IT systems, there are not currently any representatives from the Police Committee on the IT Sub-Committee. Therefore, it is also recommended that the Finance Committee requests the Police Committee to create a Special Interest Area (SIA) for IT. The Member appointed to this SIA would be appointed to the IT Sub-Committee. The Chairman of the Police Committee has indicated that he is supportive of this proposal.

Corporate Asset Sub-Committee (CASC)

22. Currently, CASC has a role that sits between a number of other Committees and Sub-Committees, and the exact role of CASC has not always been sufficiently clear.
23. The primary role of CASC should be the effective and sustainable management of all operational property assets to help to deliver strategic priorities and service needs. It does not have a direct role in allocating that property to particular Departments (that role sits with Resource Allocation Sub-Committee), approving major improvement Projects (this role sits with Projects Sub-Committee) or the operations of the properties allocated to the Departments (this role lies with each of the Service Committees).

24. However, it does have a role in overseeing all of these functions from a strategic viewpoint to ensure that the City of London Corporation is making the most efficient use of its operational properties and that they are being appropriately maintained in accordance with the Corporate Asset Management Strategy. Making efficient use of property is a duty placed on local authorities in the Housing and Planning Act 2016.
25. Asset Management has previously been identified as an area in which improvements could be made and, as part of the Service Based Review, a significant review was conducted (as part of the Strategic Asset Management Review, which also included the review of Facilities Management and the review of Operational Property). A major role of CASC will be to monitor the implementation of the conclusions of this review. To fulfil this role, it will need to be able to monitor all aspects of Operational Property Asset Management.
26. While the existing CASC Terms of References provide some direction regarding these duties, they do not clearly define the purpose of CASC. Therefore, the Terms of Reference of CASC have been redrafted (set out at Appendix C) to provide a more strategic overview of the purpose of CASC. However, there are some areas in which the existing Terms of Reference are silent.
27. The Terms of Reference do not presently indicate that CASC has a role in advising Service Committees on asset management matters. An explicit reference has now been included within the revised Terms of Reference.
28. The Terms of Reference also do not make explicit the Corporation's duties under legislation or the implementation of Standing Orders, the delivery of which CASC should monitor. Explicit reference has now been included to these functions.
29. One major aspect of facilities management which is not currently considered by CASC is energy usage. This is currently considered by the Efficiency and Performance Sub-Committee. It is recommended that responsibility for this sits better with CASC, as energy is a property occupancy cost. CASC's revised Terms of Reference now include this responsibility.
30. As stated above, the role of monitoring the delivery of major capital projects for the Corporation is largely fulfilled by the Projects Sub-Committee (for all projects of over £50k in capital or supplementary revenue, or over £250k in routine or ring-fenced revenue). Cyclical repairs and maintenance projects under this threshold are monitored by CASC through the Additional Works Programme (which will be renamed as the Cyclical Works Programme from 2017/18).
31. Although it is not intended to change this arrangement, there does appear to be a role for CASC in taking a strategic view of major capital projects relating to operational properties prior to their commencing. This fits well within CASC's role of monitoring the implementation of a strategic approach to Asset Management.
32. It is not suggested that any change is made to the Gateway Approval Process. Members may wish to request that the Projects Sub-Committee and Policy and

Resources Committee agree that consultation with CASC on operational property projects is added to the overall Project Procedure, which supports the Gateway Approval Process.

33. The risk of such an amendment is that it could cause a delay to projects. Therefore, it is likely that the most appropriate format for CASC to fulfil such a duty would be through annual reports from all areas of the Corporation to CASC, providing details of the forthcoming operational property projects. This would also allow CASC to ensure that operational property projects are in accordance with the Corporate Asset Management Strategy and Asset Management Plans. The Chairman and the Deputy Chairman of Projects Sub-Committee have been consulted and have indicated that they would be supportive of CASC taking a strategic role in the prioritisation of projects as long as this did not create delays to projects.
34. Should an amendment to the Project Procedure be agreed, the CASC Terms of Reference will be brought back to the Committee for amendment.
35. Another area related to the work of CASC which Members may wish to consider is the process for the disposal of properties designated as surplus to operational requirements. Currently, these properties are passed on to the Property Investment Board for disposal. However, these properties are not usually of the kind which that Board would include within their Investment Property portfolio and are therefore outside of the usual remit in which that Board operates.
36. In addition, in many cases these properties are not sold but are leased out to commercial tenants, which can mean that the City Surveyor has to manage the property and occupier. Therefore, the Committee may wish to suggest that the Property Investment Board and the Investment Committee consider whether it would be more appropriate for CASC to be the Committee responsible for disposing of properties determined to be surplus to operational requirements. Again, should an amendment be agreed, the CASC Terms of Reference will be brought back to the Committee for amendment.

Efficiency and Performance Sub-Committee

37. There is one proposed change to the Terms of Reference of this Sub-Committee (Appendix D). This is set out above in the review of the Corporate Asset Sub-Committee's Terms of Reference, to transfer responsibility for energy management from this Sub-Committee to the Corporate Asset Sub-Committee.
38. The priority for the Efficiency and Performance Sub-Committee, rather than amending the Terms of Reference, is to ensure that the existing Terms of Reference are implemented. The key area of work in this regard is to increase the amount of work which the Sub-Committee undertakes in relation to value for money.
39. The Finance Committee's Terms of Reference state that the Committee is responsible for "obtaining value for money in all aspects of the City of London Corporation's activities" and this is reflected in the first bullet point of the Sub-

Committee's Terms of Reference. This duty has not been undertaken effectively in recent years.

40. A report was submitted to the Sub-Committee at its meeting on 6 July 2016, which advised the Sub-Committee of the work underway to ensure that the Sub-Committee is able to effectively fulfil the Finance Committee's role in ensuring value for money across all of the Corporation's operations. The report is available online at:

<http://democracy.cityoflondon.gov.uk/documents/s66465/VFM%20Report%20v2%202.pdf>

Finance Grants Sub-Committee

41. Members will recall that the Finance Committee agreed as part of the Corporate Review of Grants that its grant giving powers would be passed to other Committees. The Review of Grants suggested, and the Committee agreed, that this Sub-Committee should take responsibility for oversight and performance monitoring of the grant giving activities undertaken by other Committees (excluding The City Bridge Trust Committee).
42. In light of this, it is proposed that this Sub-Committee be renamed the Grants Oversight and Performance Sub-Committee.
43. As this Sub-Committee has not yet met to undertake its new role, it is not proposed to amend the Terms of Reference at this stage (set out at Appendix E).

Corporate & Strategic Implications

44. The review of the Sub-Committees should provide an opportunity for more rigorous challenge to be provided by Members in all aspects of the Finance Committee's work. In particular, increased oversight of value for money matters by the Efficiency and Performance Sub-Committee should provide benefits across the Corporation, informing departmental business planning practices.
45. A greater focus on IT issues, through a risk-focused approach, should assist in the efforts to improve the Corporation's IT systems. This should increase the efficiency of the operations of the City of London Corporation and the City of London Police.
46. The role of Corporate Asset Sub-Committee in implementing the conclusions of the Strategic Review of Asset Management will assist the Corporation in exercising its duties to ensure the efficient use of property assets. In addition, providing further advice to other Committees in asset management may assist in addressing the "bow wave" of repairs and maintenance which has built up across the Corporation's operational assets.

Implications

47. Providing brief reports outlining the key considerations of each of the Finance Committee's Sub-Committees, in addition to the production of the Sub-Committees' minutes, would have a small, but manageable, resource implication.

That resource implication would need to be considered further were this style of reporting rolled out to other Committees.

48. The role of Corporate Asset Sub-Committee in light of Strategic Review of Asset Management has a role in ensuring a strategic approach to asset management, which analogous to the role of the Projects Sub-Committee in ensuring value for money through overseeing projects. This should provide a beneficial impact to the Corporation's asset management activities.
49. The proposal to consider whether to review the Projects Procedure to provide a strategic oversight role for Corporate Asset Sub-Committee prior to projects commencing the Gateway Approval Process could cause delays at this stage of projects. Therefore, if this is supported by Members and the Project Procedure amended, it would be important that this is managed in such a way as to prevent any unnecessary delay.

Conclusion

50. Following the Chairman's request, a full review has been conducted of the operation of the Sub-Committees to ensure that there is greater clarity as to the purpose and work of each Sub-Committee. This should allow more work to be delegated to the Sub-Committees from the Grand Committee. The proposals contained within the report should improve the Corporate Governance provided by the Finance Committee and its Sub-Committees, allowing more thorough debate of items at Sub-Committees, with improved reporting to the Grand Committee. The delegation of Chairmanship of the Sub-Committees to other Members of the Finance Committee will allow other Members to make a greater contribution to the work of the Finance Committee, supporting the Chairman and Deputy Chairman of the Grand Committee.
51. In addition, the proposals regarding the potential review of the Project Procedure and the disposal of properties identified as surplus to operational requirements, if supported by the Committee, should provide improved Corporate Governance in other areas of the Corporation.

Appendices

Appendix A – Example Work Programme from Efficiency and Performance Sub-Committee

Appendix B – Information Technology Sub-Committee Terms of Reference

Appendix C – Corporate Asset Sub-Committee Terms of Reference

Appendix D – Efficiency and Performance Sub-Committee Terms of Reference

Appendix E – Grants Oversight and Performance Sub-Committee

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