

Efficiency and Sustainability Plan – Draft v6.2

The City Corporation 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 Local Government provisional funding settlement in December 2015 included an 'offer' to local government of a 4 year funding settlement, as opposed to an annual settlement, to provide more funding certainty and an ability to plan changes over the medium-term. The condition of this offer was that each Local Authority would prepare and publish an efficiency plan by the 14th October 2016. The City of London Corporation has decided to accept this offer in relation to its Local Authority functions, and has also decided to include within the Efficiency and Sustainability Plan the full range of services it provides that promote financial, professional and business services and support the City, Capital and Country as a whole.

The City Corporation 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 Corporation'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 Corporation 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 Corporation'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 Corporation has a comprehensive system of controls covering the entire life cycle of capital and major revenue projects;
- Treasury Management and Investment Strategies. Setting out the arrangements for the management of the City Corporation's investments, cash flows, banking and money market transactions; and
- Risk and Performance management. The effective control of risks 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 Corporation's financial and property investments are monitored and benchmarked regularly, both in-house and independently, through experts in the field.

The City Corporation'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.

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

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

Financial Challenges and Outlook

In 2014, the City Corporation estimated that due to cuts in government funding, the City Fund would be facing deficits approaching £11m by 2017/18, so it had to deal with this by scrutinising all its activities in what was called the Service Based Review. Proposals totalling £20m have been identified and are being implemented over a 4 year programme which will be substantially implemented by 2017/18. These efficiency proposals include reducing costs through more effective working, increasing income, 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 and Effectiveness of Grants.

The City Corporation could have just made efficiencies in those areas paid out of public funds, where it has a duty of Best Value under the Local Government Act 1999 to secure continuous improvement having regard to a combination of economy, efficiency and effectiveness. But it was decided that it was not fair or equitable to ask some parts of the organisation to be more efficient and not others. This is because the City Corporation has a duty to ensure the most effective and efficient use of resources, and it has a growing cost pressure to address the maintenance and renewal costs of its IT equipment and some of its deteriorating properties. Finally, by being efficient and effective, it can enhance existing services and pursue new priorities for the benefit of the City, Capital and Country as a whole.

For non-Police services, the local government settlement in autumn 2015 was challenging but fell within the prudent assumptions included with the City Corporation'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 has deteriorated since the announcement of the local government settlement and the public finances have become more uncertain. Following the Brexit decision it is too early to predict what the impact on public services might be.

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 target reducing net budgets by 1 – 2 % will be introduced for each department. It is projected that this will deliver sufficient efficiencies

across the City Corporation funds per year from 2018/19, sustaining these budgets 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 current cross-cutting programmes are completed. The role member Committees have in oversight of VFM is currently being developed and enhanced.

The City Corporation is currently reviewing its Business Planning and Performance Framework; this will support widespread service improvement and transformation based on a new business planning and performance monitoring framework. The new framework will introduce a standard way of planning over a longer timeframe with stronger links to resource planning (including HR, IT, and Asset Management) and a more consistent approach to measuring VFM. In addition the City Corporation is implementing 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; and positively enhance the wellbeing of our staff.

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

The City Corporation maintains 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 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; and to ensure value for money in the way the police is run. This function is primarily delivered on behalf of Common Council through a Police Committee consisting of Aldermen, Common Councillors and two independent members.

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.

The 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 Force 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 savings plan and previous budget reductions resulting in a 22% decrease in the number of police officers and £20.2m removed from the budget. A further efficiency and change programme is being developed to ensure the Force is sustainable.

The Force are taking steps to ensure the budget is balanced 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.