

Report – Policy and Resources Committee

Governance Review

To be presented on Thursday, 10th October 2019

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

At its meeting on 14 March 2019, the Policy and Resources Committee agreed to a fundamental review (FR) of the allocation of the City of London Corporation's resources being undertaken. The purpose of this review is to ascertain how resources are currently being distributed against our Corporate Plan priorities; to ensure that the City Corporation was operating within agreed priorities and that the organisation's financial plans were sustainable in the medium term.

The nature of the City Corporation's funding and service provision is diverse and good governance is essential to ensure that it is functioning effectively and remains fit for purpose. Supporting our governance structures incurs a significant part of the Corporation's expenditure. Furthermore, any changes proposed through the Fundamental Review are likely to have implications for governance. Therefore, your Policy and Resources Committee, as the Committee responsible for the review and co-ordination of the governance of the City of London Corporation, has agreed that a review of our governance arrangements should be undertaken in parallel with the FR, particularly given that a comprehensive governance review has not taken place since 2010/11.

Your Committee is conscious that some radical changes may need to be considered and hard choices made to ensure that the arrangements are efficient and effective. Acknowledging the difficulties that may be associated with doing this internally, it has, therefore, agreed that the review should be undertaken independently. Given the uniqueness of the City Corporation, as well as the administrative assistance that may be necessary, any independent person appointed would be assisted by relevant officers.

Consultation will be an important part of the process and views will be sought from all Members once the independent reviewer has begun their work, together with the use of an informal briefing session to inform the direction of travel. Suggestions from Members are also welcomed in advance of this process, by email submission to the Town Clerk's Office.

The terms of reference of the review would be *"to review the governance arrangements of the organisation by undertaking a comprehensive examination of the City Corporation's Code of Corporate Governance, to ensure that the arrangements are efficient, fair, transparent and accountable"*.

RECOMMENDATIONS

It is **recommended** that the Court of Common Council endorse a comprehensive, independent, review of the City Corporation's governance arrangements being undertaken, with the terms of reference of the review being *"to review the governance arrangements of the organisation by undertaking a comprehensive examination of the City Corporation's Code of Corporate Governance to ensure that the arrangements are efficient, fair, transparent and accountable."*

MAIN REPORT

Background

1. At its meeting on 14 March 2019, the Policy and Resources Committee agreed to a fundamental review (FR) of the allocation of the City of London Corporation's resources being undertaken. The purpose of the review is to ascertain how resources are currently being allocated against our Corporate Plan priorities and to ensure that:-
 - spending was being undertaken in accordance with agreed priorities;
 - the City Corporation's financial plans were sustainable in the medium term;
 - action was being taken to mitigate any risks which might be associated with Government's desire for public bodies to focus on need and its plans to change current funding mechanisms to reflect this; and
 - the City Corporation remains fit for purpose in the wake of, amongst other things, Government's forthcoming spending review, fair funding review, reforms to business rate retention and a police formula funding review.
2. The nature of the organisation's funding and service provision is diverse and good governance is essential to ensure that it is functioning effectively and remains fit for purpose. Supporting our governance structures incurs a significant part of the Corporation's expenditure. Furthermore, any changes proposed through the Fundamental Review are likely to have implications for governance. Therefore, a number of Members suggested that a review of our governance arrangements should be undertaken in parallel with the FR.
3. This view was supported at recent meetings of the Resource Allocation Sub-Committee and Policy and Resources Committee. It was noted that it had been almost nine years since the last comprehensive review of the City Corporation's governance arrangements was undertaken and, since that time, the number of bodies forming part of the decision making structure had increased to approximately 130 committees, sub-committees and working parties, excluding some of the bi-lateral committee meetings.
4. In reaching their conclusion, Members were of the view that radical changes would need to be considered and that hard choices might need to be made. The difficulties associated with undertaking the review internally were acknowledged and it was, therefore, agreed that any review should be undertaken independently. Given the uniqueness of the City Corporation and the volume of information or administrative support that might be required, the independent

person appointed would be assisted by officers within the Town Clerk's department.

Proposal

5. The 2011 governance review was based on the City Corporation's Code of Corporate Governance i.e. the various regulatory and protocols that govern how the organisation operates and makes decisions, such as, the committee structure (constitutions, terms of reference and membership), Standing Orders, the Scheme of Delegation, Member/Officer Protocols and a number of other supporting policies. These elements of the Code will fall within the scope of the review now proposed, together with other such areas as may merit inclusion in the review.
6. It is also intended that the terms of reference of the review will be to *"review the governance arrangements of the organisation by undertaking a comprehensive examination of the City Corporation's Code of Corporate Governance to ensure that the arrangements are efficient, fair, transparent and accountable."*
7. Once the findings of the review have been presented, all Members of the Court will be consulted on the direction of travel and have the ability to contribute by way of an informal briefing session. Views are also welcomed in advance.

Strategic Implications and Conclusion

8. Effective and responsible stewardship of the City Corporation and its resources is fundamental for the organisation to continue to deliver excellent services for all its stakeholders. A fundamental review of how resources are currently being allocated against our Corporate Plan priorities is an essential part of ensuring responsible stewardship. It is important that a review such as this is examined alongside the City Corporation's current governance arrangements as the two are interrelated.
9. A review of the governance arrangements will ensure that how the City Corporation governs itself is appropriate, efficient and transparent. It will also enable the organisation to ensure that the best arrangements are in place; that it is operating efficiently, functioning effectively and that remains fit for purpose in the medium to long term.

All of which we submit to the judgement of this Honourable Court.

DATED this 12th day of September 2019.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chair, Policy and Resources Committee