

Committee: Finance Committee	Dated: 19 July 2022
Subject: Efficiency and Performance Sub Committee – role and work programme	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For Decision
Report author: Caroline-Al-Beyerty, Chamberlain	

Summary

At your April Committee, members requested a refreshed approach to the work programme of the Efficiency and Performance Sub Committee. This report sets out the following proposed work programme at member level:

- Agreeing methodology for the specific Efficiency workstreams (operational property and income generation) and then monitoring delivery progress and outcomes.
- For departments at higher risk of not securing sustainable 12% savings, scrutinising proposals supported by bilateral meetings with the Chairmen of Policy and Resources and Finance Committees and their Deputies.
- Trigger reporting on CR35 medium term finances- financial sustainability at both corporate and departmental level. Are mitigations in 22/23 and 23/24 budget working?

In terms of the approach to the work, it is proposed that a working group is formed rather than a formal subcommittee, so that frequency of meetings and workloads may be more flexible. Finance Committee will receive oversight reports and consider any specific issues arising.

Recommendations

Members are asked to approve:

- The proposed work programme outlined at paragraph 10.
- Formation of an Efficiency and Performance working party rather than a sub-committee.

Background

1. The Efficiency & Performance Sub Committee was created in 2011 to scrutinise plans for efficiency and performance across all of the City Corporation's departments and the City of London Police. It supports officers to drive value for money in areas such as third-party contracts, budgeting, and facilities/asset management, and promotes effective planning - both on a departmental basis and for the Corporation as a whole.

The sub-committee assists the Finance Committee to ascertain whether:

- resources are applied to the policies for which those resources were allocated and represent value for money in the achievement of those policies; and
- monitoring performance against individual Departmental Business Plans and bringing about improvements in performance.

2. The National Audit Office refers to three key elements when assessing the value for money of government spending:

Economy – minimising the cost of resources used or required ('spending less')

Efficiency – the relationship between the output from goods and services and the resources to produce them ('spending well') and

Effectiveness – the relationship between the intended and actual results of spending ('spending wisely').

3. To which can also be added, securing required outcomes.

Two reviews have been carried in recent years:

- Deep dives: securing 12% savings and understanding impacts 2021-22. Departments presented their work on achieving Target Operating Model savings, fundamental review proposals and other savings alongside how departmental outcomes were being delivered. The methodology was based on bilateral meetings between Service Committee Chairmen and the Chair(men) of Policy and Resources and Finance Committee and their deputies. (Template is shown in appendix 1)
- Economy, Efficiency and Effectiveness Health Checks (EEE Health Checks) 2018-2019. Designed to represent good practice, drive continuous improvement, optimise use of resources, and ensure that the benefit of carrying out such health checks significantly outweighs their administrative burden. (the question list is shown in appendix 2)

4. Under each of the above reviews, members of the Sub Committee scrutinised departmental presentations, delivering greater understanding on pressures that needed to be addressed corporately and also securing commitment to savings, efficiencies, and outcomes.

5. At your April Committee, members requested a refreshed approach, feeling that value was unlikely to be secured from a further round of 'deep dives or departmental presentations.

Current position

6. The area that has been underpowered is the scrutiny of corporate performance. We do not currently have a Corporate Performance framework to measure outcomes and effectiveness and it will take time to deliver a monitoring framework. So, this will be a longer-term agenda piece.
7. On economy and efficiency drivers- the Finance Committee indicated a desire to focus on departments requesting funding increases over the next few years and departments overspending their budgets. There are also a number of departments which are yet to deliver permanent year on year 12% savings and Fundamental Review savings.
8. The start of the medium-term financial planning (5-year forecasts) indicates that further efficiencies will be required and identifies two key work streams:
 - Operational property- sub optimal utilisation and aging estate with a growing bow wave of costs; and
 - Income generation- untapped potential.

Open spaces charities are also requesting a rethink on governance and financial mechanisms providing opportunities to be self-funding.

9. More widely the 'zero based review' has now become the Resources Priorities Refresh with a three-pronged approach:
 - Mitigating pressures in the 2023/24 budget
 - Efficiencies (as identified above, plus opportunity for continuous improvement)
 - Corporate Planning and resource realignment – 2024/25 – further information to be provided in the Autumn.

Proposed approach

10. Given the backdrop, the following approach is suggested.

At officer level:

- for higher risk departments; identifying key areas for member discussion
- the performance team will work with relevant departmental management and section leads within departments to define outcomes and set robust performance indicators and data collection streams to enable longer-term monitoring by members and officers
- the Town Clerk and the Chamberlain will hold Star Chambers on delivery of the remaining fundamental review proposals, together with unachieved 12% savings- to complete by the autumn
- The Executive Leadership Board and finance team will work with Departmental management to secure sustainable 12% savings to provide

- cross-departmental input, support and challenge to mitigate against options being developed in isolation or silos
- develop methodologies for the efficiency workstreams, such as operational property review and income generation
- pause and review of capital programmes in the round identifying/proposing mitigations to remain within the overall envelope/affordability.

At member level:

- Agreeing methodology for the Efficiency workstreams and then monitoring delivery progress and outcomes
- For higher risk departments- securing sustainable 12% savings, supported by bilateral meetings between Service Committee Chairmen and the Chair(men) of Policy and Resources and Finance Committee and their deputies.
- Review of capital programmes via Operational Property and Projects Sub Committee. In order to support cross departmental input/support/and challenge it is recommended the Efficiency and Performance working group review any additional requests in line with Corporate priorities and provide recommendation to Finance Committee/Resource Allocation Sub Committee
- Trigger reporting on CR35 medium term finances- financial sustainability at both corporate and departmental level, with mitigations identified for the current financial year (22/23) and 23/24.

11. In terms of the approach to the work, it is proposed that a working group is formed rather than a formal subcommittee, so that frequency of meetings and workloads may be more flexible. Finance Committee will receive oversight reports and consider any specific issues arising.

12. Longer term considerations will include:

- Specifying VFM outcomes based on new corporate plan priorities
- Corporate performance framework reporting- services outcome and financial sustainability KPIs-

13. The intention is to include corporate performance monitoring in the quarterly report to Finance Committee.

Conclusion

This report sets out a new proposed approach and work programme for an Efficiency and Performance working group, reporting to Finance Committee.

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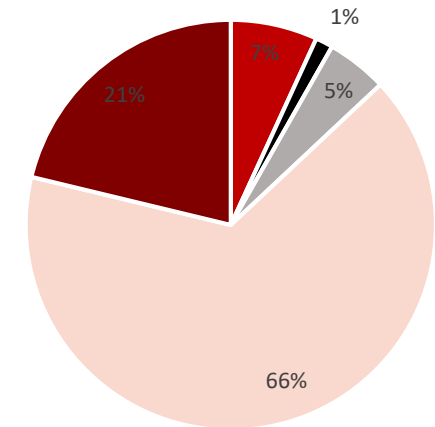
Appendix 1 - example

Community & Children's Services (including libraries, education board and Barbican residential)

Summary Table	21/22	22/23	23/24	24/25	25/26
Savings - FR	590,000	461,000	461,000	461,000	461,000
Savings - TOM/12%	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
Other Unidentified Savings	0	0	0	0	0
Total Savings	2,041,000	1,912,000	1,912,000	1,912,000	1,912,000
FR savings					
Education Board FR savings	0	140,000	140,000	140,000	140,000
DCCS CF: 6% TOM	350,000	286,000	286,000	286,000	286,000
DCCS CF: 6% TOM	10,000	10,000	10,000	10,000	10,000
Supporting people: remove software purchase budget	35,000	35,000	35,000	35,000	0
TOTAL	395,000	471,000	471,000	471,000	436,000
Total Unidentified (or Overachieved) FR Savings	195,000	(10,000)	(10,000)	(10,000)	25,000
TOM/12% saving delivered					
Vacancies	100,000	110,000	110,000	110,000	110,000
Flexible Retirement	20,000	20,000	20,000	20,000	20,000
Other Pay Initiatives	70,000	70,000	70,000	70,000	70,000
Non-pay initiatives	960,000	840,000	870,000	870,000	870,000
Total Unidentified (or Overachieved) Savings	310,000	411,000	381,000	381,000	381,000
Cost incurred via backfill	(9,000)	0	0	0	0
Total Savings	1,141,000	1,040,000	1,070,000	1,070,000	1,070,000

Breakdown of 21/22 Savings

- Vacancies
- Flexible Retirement
- Other Pay Initiatives
- Non-pay initiatives
- Total Unidentified (or Over Achieved) Savings



Appendix 2 – EEE Health Check Questions

Question ID	EEE Health Check Question
a. SERVICE SUMMARY	Table identifying gross & net spend in each area of the business (with FTEs), alongside a very short description of the outputs & outcomes for the service.
b. ECONOMY	i. How has the department reviewed and changed its asset base over the last year? What property rationalisation is expected in the next 12 months? 5
b. ECONOMY	ii. Comparing the level of spend today with previous years, what have been the main drivers of change? 1
b. ECONOMY	iii. How do you intervene to reduce or manage service demand? What areas of service have you stopped or considered stopping? 3
b. ECONOMY	iv. Are there additional income generation opportunities identified in your Business Plan that could contribute to departmental resourcing? What are they? 4
b. ECONOMY	v. Which major (>£250k) Capital Projects have completed in the last 12 months – were they delivered on budget and what lessons have been learnt from those that were not (refer to Gateway 7 reports where possible) 2
b. ECONOMY	vi. How well do you comply with Procurement Regulations? (refer to inc. CPS statistics/rankings on waivers & PO's).
c. EFFICIENCY	i. How does the cost of your service compare to similar providers in the relevant sector/market? (refer to external benchmarking where possible). What improvements can be made in the next 12 months? 2
c. EFFICIENCY	ii. For which areas of the business have you reviewed the method of provision in the last 12 months? 3
c. EFFICIENCY	iii. Which areas of the business are you planning to review in the next 12 months (refer to Business Plan) 2
c. EFFICIENCY	iv. What opportunities exist for working in partnership with others to reduce common costs? 3
c. EFFICIENCY	v. What areas for improvement have been identified in your current workforce and IT plans? 6
d. EFFECTIVENESS	i. How do you measure and report on the effectiveness of performance for the various aspects of your service? How does it compare with other organisations? 2
d. EFFECTIVENESS	ii. How do you act on this information e.g. how does your management team respond to it? How does this impact on your decisions about resource allocation? 2
d. EFFECTIVENESS	iii. Customer feedback – how do you measure it and what is it telling you? 2
d. EFFECTIVENESS	iv. How are you mitigating risks that could affect the effectiveness of your department? 8
d. EFFECTIVENESS	v. Which outcomes are difficult to measure and why? What are you doing to develop a better understanding of those areas in the next 12 months? 2
e. CONCLUSION	i. Which areas of your service are you comfortable that the City receives value for money and which areas will you be focusing on with respect to improving in the next 12 months? 1

