

<b>Committee:</b> Finance Committee	<b>Dated:</b> 6 June 2023
<b>Subject:</b> Efficiency and Performance Working Group - update	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain	<b>For Decision</b>
<b>Report author:</b> Sonia Virdee, Financial Services Director	

### Summary

At your July 2022 Committee, members agreed a refreshed approach to the work programme of the Efficiency and Performance Working Group. This report provides an update on the proposed work programme for the financial year 2023/24 at member level:

- Provide a steer for the specific Efficiency workstreams and monitoring delivery progress and outcomes.
  - operational property review
  - income generation
  - incentivisation schemes
  - others to include, but not limited to: work on breaking down silos, employer of choice, lean management costs, internal/external customer focus
  - future workstreams to include: performance framework, prioritisation etc.
- For departments at higher risk of not securing sustainable savings already built in, scrutinising proposals supported by officer star chambers led by Financial Services Director.
- Trigger reporting on CR35 medium term finances- financial sustainability at both corporate and departmental level. Are mitigations in 23/24 and 24/25 budget working?

In terms of the approach to the work, it is proposed the working group consists of the Chairman and their Deputies of: Finance Committee and Operational Property and Project Sub Committee plus the Chairman or their nominees of Corporate Services Committee and Digital Services Committee. The frequency of meetings to be held is flexible however to ensure the Efficiency and Performance working group is effective, a minimum of 3 meetings are to be held in any financial year. 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 8.
- The composition of the Efficiency and Performance working party.

## Background

1. The Efficiency & Performance Working Group was created in 2022, replacing the Efficiency & Performance Sub Committee, 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 working group assists the Finance Committee to ascertain whether:

- resources are applied to the policies for which those resources were allocated, and that they represent value for money in the achievement of those policies; and
  - monitoring performance against Departmental Business Plans and bringing about improvements in performance.
  - continue in their role in the Joint Resource Allocation Sub Committee and Efficiency & Performance Working Group, with all Committee chairman in the Corporation's budget setting meeting held in January each year.
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.

## Current position

4. 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 limited reporting on management information. It will take time to deliver a monitoring framework and compile options for prioritisation so this will be a longer-term agenda piece.
5. 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 savings that have already been built in.

6. 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 reviewing the governance and financial mechanisms providing opportunities to be self-funding.

7. Resources Priorities Refresh focuses on a three-pronged approach:
  - Mitigating pressures in the 2024/25 budget
  - Efficiencies as identified above, plus opportunity for continuous improvement
  - Corporate Planning and resource realignment

## **Approach**

8. The following approach is suggested.

At officer level:

- for higher risk departments and relevant cross-cutting strategic themes; identifying key areas of concern.
- departmental management and section leads within departments are responsible for defining outcomes and setting and reporting on robust performance indicators. This takes place through the business planning process, and the Senior Leadership team will be held accountable for progress. The Corporate Performance team can offer support to individual departments on setting strategic indicators and developing effective data collection and reporting mechanisms to enable monitoring against targets.
- the Financial Services Director will hold Star Chambers on delivery of savings already built in.
- The Senior Leadership Team and or Executive Leadership Board (both Chaired by the Town Clerk) and finance team will work with Departmental management to secure sustainable savings to provide cross-departmental input, support and challenge to mitigate against options being developed in isolation or silos
- develop methodologies and take forward the efficiency workstreams, such as: operational property review; income generation; incentivisation schemes; work on breaking down silos; employer of choice; lean management costs; internal/external customer focus etc.
- Future workstreams to include on strategic performance reporting and prioritisation.

At member level:

- Providing a steer for the Efficiency workstreams and then monitoring delivery progress and outcomes.

- For higher risk departments and relevant cross-cutting strategic themes- securing sustainable flight path savings.
  - 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 (23/24) and 24/25.
9. In terms of the approach and areas of work that need considering, it is proposed that the working group consists of the Chairman and their Deputies of Finance Committee, Operational Property and Projects Sub Committee and two nominees from Finance Committee – supporting cross-committee input. Finance Committee will receive oversight reports and consider any specific issues arising.
10. Longer term considerations will include:
- Specifying VFM outcomes based on new corporate plan priorities
  - Corporate performance framework reporting- services outcome and financial sustainability KPIs-

## **Conclusion**

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

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## **Terms of Reference**

The Working Party will be responsible for:-

- Assess whether the resourcing of policies represent value for money in the achievement of those policies and referring any recommendations to the Finance Committee.
- Monitoring performance against Departmental Business Plans and referring matters to the relevant Committee(s) where the Working Party considers improvement in performance is required.
- Providing a steer to the Finance Committee for the Efficiency workstreams and then monitoring delivery progress and outcomes.
- For higher risk departments and relevant cross-cutting strategic themes- securing sustainable savings already built in to the medium-term or 5 five financial plans.
- Advising the Finance Committee on Value For Money outcomes based on new corporate plan priorities.
- Advising the Finance Committee on Corporate performance framework reporting- services outcome and financial sustainability Key Performance Indicators.
- Continue in their role in the Joint Resource Allocation Sub Committee and Efficiency & Performance Working Group, with all Committee chairman in the Corporation's budget setting meeting held in January each year.

### **Composition:**

- Chairman and Deputy Chairman of Finance Committee
- Chairman and Deputy Chairman of the Operational Property and Project Sub Committee
- Chairman or their nominee of Corporate Services Committee
- Chairman or their nominee of Digital Services Committee

### **Frequency:**

The frequency of meetings to be held is flexible however to ensure the Efficiency and Performance working group is effective, a minimum of 3 meetings are to be held in any financial year. Finance Committee will receive oversight reports and consider any specific issues arising.