

Committee(s): Policy and Resources Committee	Dated: 06/07/23
Subject: Independent review of Project-related Member Governance	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1-12 (All)
Does this proposal require extra revenue and/or capital spending?	N
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: Town Clerk and Chief Executive	For Decision
Report author: Genine Whitehorne, Commercial Director and acting Project Governance Director, Operations	

Summary

The Project Governance review was commissioned by the Operational Property and Projects sub-Committee and approved by the Policy and Resources Committee in October 2022. The review aimed to assess existing governance arrangements and to recommend a future approach that would support an effective and proportionate governance and assurance framework for the delivery of projects across the Corporation and the institutions. In March 2023, the Policy and Resources Committee amended the scope of the review to include an independent assessment of existing Member governance (i.e. committee structures).

Paul Martin, a former London borough Chief Executive, was commissioned to undertake an independent review of current arrangements. His findings and recommendations have been provided as Appendix 1 of this report. It is important that the findings and recommendations are understood within the context of a challenging public sector environment and increased scrutiny of investment and governance arrangements.

The much publicised financial difficulties experienced by numerous local authorities across the country has given rise to increased scrutiny of organisational effectiveness and the occurrence of Public Interest Reports (PIRs). These PIRs have consistently identified shortcomings in corporate governance as a direct contributor to a lack of effective investment management in the authorities in subject. Central Government are moving forward at pace with the establishment of the new Office for Local Government (OFLOG) which will act as an independent body collating and reporting data on local government performance. It is imperative in this context, that the Corporation exemplifies clear and decisive decision making. Whilst in previous years the opportunity to defer decision making may have been appropriate in order to manage political tensions, the time for action is now. The

Corporation must withstand external scrutiny and challenge as to whether it has been capable of addressing identified issues no matter how complex.

The officer proposals for a new approach to project governance are subject to a separate report on this Committee's agenda. It is important that the relationship and interdependencies of the approaches set out in the two reports are understood.

Recommendation(s)

Members are asked to:

- Note the findings of independent review into project-related member governance set out in Appendix 1.
- Approve the following recommendations:
 1. Service committees are recognised as the sponsoring body for projects and responsible for taking decisions about the delivery of individual projects with the exception of capital projects over £100m
 2. The existing capital projects over £100m will remain the remit of the Capital Buildings Board supported by any sub-Group it may establish
 3. The Museum of London new museum project is not a Corporation project and as such oversight remains with the New Museum Board and any funding issues managed through the tri-partite meetings
 4. Future capital projects over £100m will be assessed on an individual basis to agree the appropriate governance
 5. Changes to the terms of reference for Operational, Property and Projects sub-Committee (OPPSC) as set out in sub-Appendix A to establish it as the oversight body for the new portfolio management approach
 6. Reporting line for OPPSC should be to a single grand committee namely, the Finance Committee, and subsequent changes to the terms of reference for P&R as set out in sub-Appendix B
 7. Changes to the CBB terms of reference as set out in sub-Appendix C
 8. The dissolution of the Markets Board and the transfer of its responsibilities to the Port Health and Environmental Services Committee (PHESC) and the subsequent changes to the PHESC terms of reference as set out in sub-Appendix D
 9. The continuation of the Barking Reach Group with an amendment to its terms of reference to include two members with relevant experience and expertise, from recent time served on the Markets Board, elected by the Court of Common Council

Main Report

Background

Paul Martin undertook his independent review between April and June 2023. Mr Martin met with 28 Members in total either in 121s or as part of group engagement

sessions. The progress of his work was overseen by a Member Steering group consisting of:

- Chairman, Policy & Resources Committee
- Chairman, Finance Committee
- Chairman, Corporate Services Committee
- Chairman, General Purposes Committee of Alderman

The purpose of the Steering Group was:

- To oversee the activity of the expert advisor
- To ensure the review delivers the objectives agreed by P&R
- To facilitate engagement with all Members of the Court of Common Council who would like to participate in the review

This Group had no influence over the findings or recommendations set out in Appendix 1.

Current Position

The findings of the independent review are set out in Appendix 1. This includes recommendations directly related to the scope of this review as well as several extraneous issues that emerged during the review and that Members may want to consider in wider discussions regarding the workings of the Corporation.

Corporate & Strategic Implications

Financial implications - there are no immediate financial implications as a result of the proposals set out in this paper.

Resource implications - there are no immediate resource implications as a result of the proposals set out in this paper.

Legal implications - there are no immediate legal implications as a result of the proposals set out in this paper.

Risk implications – the independent reviewer has identified a number of significant risks related to the Corporation's current approach to project governance. The proposals set out in Appendix 1 aim to address these risks specifically in regard to ensuring assurance regarding the financial affordability of projects and managing any potential conflicts of interest as a result of current structures.

Equalities implications – there are no immediate equalities implications as a result of the proposals set out in this paper.

Climate implications - there are no immediate climate implications as a result of the proposals set out in this paper.

Security implications - there are no immediate security implications as a result of the proposals set out in this paper.

Conclusion

The Corporation has an ambitious agenda that has the potential to contribute economic, societal and sustainability benefits across the Capital (and beyond). Effective governance that enables successful project delivery will be crucial to realising these benefits. The findings of the independent review are presented to Members for consideration.

Appendices

1. Findings and recommendations of the independent review into project-related member governance including the following sub-appendices:
 - a. Proposed amendments to the Operational Property and Projects sub-Committee terms of reference
 - b. Proposed amendments to the Policy & Resources Committee terms of reference
 - c. Proposed amendments to the Capital Buildings Board terms of reference
 - d. Proposed amendments to the Port Health and Environment Committee terms of reference
2. Terms of reference of the Project Governance review
3. Paul Martin biography

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