

<b>Committee(s):</b> Policy & Resources Committee – For Decision	14/12/2023
<b>Subject:</b> Review of Policy Initiatives Fund/Committee Contingency Fund, year ending March 2023	Public
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	All
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of: The Chamberlain</b>	<b>For Decision</b>
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### Summary

1. Policy & Resources Committee requested a review of the Policy Initiatives Fund (PIF)/Contingency Fund to provide assurance around Value for Money and strategic fit.
2. This report provides the findings of an assessment of PIF/Contingency Funds awarded in 2022/23 and makes recommendations to improve the process and reporting in the future.
3. This work has been undertaken jointly between the Chamberlain’s Department and the Office of the Policy Chairman, taking in both financial and policy considerations.
4. In proposing a refreshed policy, it has been attempted to strike the right balance between providing additional assurance and the need to retain the flexibility and speed for which PIF is intended.

### Recommendation(s)

The Committee is asked to:

- **Note** the findings of the 2022/23 PIF/Contingency review.
- **Approve** a refreshed PIF/Contingency policy, **at Appendix 1**, which will standardise applications for PIF/Contingency and provide additional assurance on how applications will meet policy, delivery and financial outcomes.

## **Main Report**

### **Background**

5. In 2022/23 the collective overall of value of schemes funded from the Policy Initiative Fund (PIF) and Contingency/Discretionary funds was £1.97m.
6. Members have raised concerns with the use of PIF/Contingency funding, in particular:
  - Whether outcomes were being secured and represented Value for Money.
  - PIF/Contingency being used in cases where it is not clear why departmental resources could not be used.
  - Use of PIF/Contingency for repeat expenditure.
  - Lack of information on how PIF/Contingency bids link to the Committee's priorities.
  - PIF/Contingency being used to support revenue costs of external organisations.
  - Lack of information about how PIF/Contingency expenditure is evaluated, measured and reported back on.
7. As a result, Members commissioned a review of funding allocated from the PIF/Contingency fund against outcomes aligned against the Corporate Plan and City of London Corporation (CoLC) strategies.

### **Methodology**

8. Officers were asked to complete a VFM questionnaire and submit the original committee report for each PIF/Contingency bid to ensure that all initiatives were assessed in a consistent and transparent manner (Appendix 3).
9. Departments were encouraged to focus on outcomes that were aligned with the Corporate Plan and CoLC strategies. These forms were reviewed by an officer panel who initially assessed whether the bids were in scope for funding by cross referencing each bid against the current policy (Appendix 4). Each questionnaire was scrutinised against the original committee report and where possible assessed against cost minimisation, output maximisation and effectiveness.
10. The majority of the initiatives could only be assessed in terms of the delivery of outputs rather than the effectiveness of those outputs in achieving defined policy outcomes, which limited the ability to fully certify that value for money had been achieved. The panel were unable to make an assessment where PIF /Contingency projects were assessed as ongoing.
11. The panel sought to identify trends and commonalities in the applications, using these findings to make recommendations for the future operations of the funds. Data relating to the review is set out at Appendix 5.

## Findings and key themes

12. All PIF bids were aligned to the categories as described by the current policy and most of these fell within the sponsorship category.
13. Some committee reports including Commitment to UN Sustainable Development Goals and Adoption of Competitiveness Strategy - Development of an 'Asset Under Management' Campaign demonstrated a clear strategic priority link to CoLC.
14. Good practice was identified during the review in the request for reallocation of funding for one specific scheme which was no longer delivering outcomes relevant to Policy priorities (CoLC Scholarship - Anglo-Irish Literature).
15. The majority of the VFM questionnaires listed the projects/initiatives links to the Corporate Plan and CoLC strategies but did not provide further details. However, a few clearly evidenced the strategic links to outcomes (e.g. Support for Financial and Literacy Inclusion Campaign).
16. The majority of bids did not include a measurable success/benefits criterion in the committee report as specified by the current policy. However, the current policy is not prescriptive how benefits/success criteria should be set out. Therefore, the majority of the bids simply provided the outputs and activities to be delivered, however, some showed examples of better practice including setting up smart objectives and their outcomes. Only a handful of the committee reports contained clear milestones of the key deliverables, a start and end date or any measures to mitigate any risks or evaluate the success of the project (e.g. Survey of Residents and Workers).
17. The majority of the initiatives could only be assessed in terms of the delivery of outputs specified, rather than the effectiveness of those outputs in achieving defined policy outcomes. It would provide better value for money if it were clear how outputs meet policy priorities. For instance, where we provide sponsorship to external organisations, the link to the CoLC plans and priorities and benefits are made clearer.
18. A number of PIF schemes relate to policy priorities for which no other funding could be identified. However, it is not clear whether it is the highest priority of the Policy & Resources Committee, nor is there a clear mechanism to make this judgement.
19. A number of authors writing the VFM assessment were unable to supply the original committee report and were unfamiliar with the initiative/project as the officer who had submitted the bid have left the CoLC.
20. There was a lack of clarity as to whether Contingency can be used for multi-year bids, however, the guidance stating *unforeseen* would imply it should only be for one year, pending resources being identified for subsequent years.
21. 7% of PIF awards covered CoLC staffing costs to support external organisations, but this was to fund policy initiatives entered into jointly with other organisations

e.g. City UK. This seems a reasonable approach for as long as the initiative remains relevant to core policy priorities.

22. A few awards financed day to day essential business as usual revenue spend to fund items which the panel believed was not the right fit for short-term funding agreements (e.g. membership - Options to Promote Supplier Diversity). However, the officers confirmed that local risk funding will be requested if MSDUK membership is required post financial year 2024/25. This would need to be prioritised within the Department's local risk funding envelope.

## Proposals

23. On the basis of the Committee's concerns of the operations of PIF and of the findings of the review, it is recommended to refresh the PIF/Contingency policy.

24. In doing so, there is a recognition that there must be a balance between providing additional assurance on the one hand whilst retaining flexibility and speed on the other.

25. The proposed refreshed policy would standardise all PIF/Contingency reports received by the Committee ensuring that Members are presented with consistent information.

26. Applicants will be required to report biannually on progress against agreed outcomes via the P&R Committee's regular PIF/Contingency update report.

27. Additional assurance will be provided by the Head of the Policy Unit and Assistant Director of Financial Services Division through informal engagement *prior* to PIF/Contingency bids being submitted to P&R.

28. The proposed refreshed policy is set out in full at **Appendix 1**. It will require applicants to set out key information for each bid, including:

- Rationale for project
- Strategic/policy priority link
- Outcomes, Deliverables and how these will be reported and evaluated
- How cost effectiveness will be managed
- How benefits will be sustained once PIF/Contingency has run out.

## Conclusion

29. The proposed draft PIF/Contingency policy aims to standardise the information that the Committee receives in order to make informed decisions regarding the use of the PIF/Contingency Fund. It also seeks to provide the Policy & Resources Committee the assurance that future initiatives deliver VFM.

30. In doing so the aim is to provide an off-the-shelf template that will provide sufficient information for Members to take an informed decision whilst retaining flexibility and speed on the other.

## **Corporate & Strategic Implications**

### **Strategic implications**

The revised policy aims to support all key outcomes in the Corporate Plan by ensuring that all PIF/Contingency awards achieve defined policy outcomes.

### **Financial implications**

This new policy will help ensure VFM in the use of the contingency/PIF monies as set out in the body of report.

**Resource implications** None

**Legal implications** None

**Risk implications** None

**Equalities implications** None

**Climate implications** None

**Security implications** None

### **Appendices**

- Appendix 1 – Proposed PIF/Contingency Policy
- Appendix 2 - Policy and Resources Committee - Policy Initiative Fund/Contingency Fund 2022/23 to 2025/26 (27.04.23)
- Appendix 3 - PIF & Contingency VFM Assessment Questionnaire
- Appendix 4 - Current PIF/Contingency Fund Bid Policy
- Appendix 5 – Review Data

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